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EXECUTIVE

Date: Wednesday, 20 September 2023
Time: 2.00pm,
Location: Council Chamber, Daneshill House, Danestrete, Stevenage
Contact: Ian Gourlay (01438) 242703
committees@stevenage.gov.uk

Members: Councillors: R Henry (Chair), (Vice-Chair), S Barr, L Briscoe, J Hollywell, Mrs J Lloyd, L Rossati, S Speller and J Thomas

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AGENDA

PART 1

1. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

2. MINUTES - 18 JULY 2023

To approve as a correct record the Minutes of the meeting of the Executive held on 18 July 2023 for signature by the Chair.

Page Nos. 5 - 16

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

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

Environment & Economy Select Committee – 6 July 2023
Overview & Scrutiny Committee – 24 July 2023
Community Select Committee – 26 July 2023

Page Nos. 17 - 30

4. FUTURE COUNCIL 2025 TRANSFORMATION PROGRAMME SAVINGS UPDATE

To consider a report in respect of a Transformation Programme savings update, including proposals to change the location and opening times of Customer Services.

Page Nos. 31 - 48

5. **CORPORATE PERFORMANCE - QUARTER 1 2023/24**

To consider the Quarter 1 2023/24 Corporate Performance report.

Page Nos. 49 - 80

6. **COUNCIL TAX SUPPORT SCHEME 2024/25**

To consider the proposed Council Tax Support Scheme for 2024/25.

Page Nos. 81 - 96

7. **GENERAL FUND MEDIUM TERM FINANCIAL STRATEGY UPDATE (2023/24 - 2027/28)**

To consider a report providing an update on the General Fund Medium Term Financial Strategy (2023/24 – 2027/28).

Page Nos. 97 - 132

8. **FIRST QUARTER REVENUE BUDGET MONITORING 2023/24**

To consider the First Quarter Revenue Budget monitoring report 2023/24.

Page Nos. 133 - 152

9. **ANNUAL TREASURY MANAGEMENT REVIEW 2022/23 AND PRUDENTIAL INDICATORS**

To consider the Annual Treasury Management Strategy review of 2022/23, including Prudential Indicators.

Page Nos. 153 - 174

10. **URGENT PART I BUSINESS**

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

Page Nos.

11. **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.

12. PART II MINUTES - EXECUTIVE - 18 JULY 2023

To approve as a correct record the Part II Minutes of the meeting of the Executive held on 18 July 2023 for signature by the Chair.

Pages 175 – 178

13. STEVENAGE (SURVIVORS) AGAINST DOMESTIC ABUSE (SADA) SERVICE UPDATE

To consider a report providing an update in respect of the Stevenage (Survivors) Against Domestic Abuse (SADA) service.

Pages 179 – 222

14. 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, 20 September 2023 – http://www.stevenage.gov.uk/have-your-say/council-meetings/161153/

Agenda Published 12 September 2023

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STEVENAGE BOROUGH COUNCIL

EXECUTIVE
MINUTES

Date: Tuesday, 18 July 2023
Time: 2.00pm
Place: Council Chamber, Daneshill House, Danestrete, Stevenage

Present:	Councillors: Richard Henry (Chair), Jeannette Thomas (Vice-Chair), Sandra Barr, Lloyd Briscoe, Jackie Hollywell, Mrs Joan Lloyd, Loraine Rossati and Simon Speller.
Start / End Time:	Start Time: 2.00pm End Time: 4.51pm

1 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

There were no apologies for absence.

There were no declarations of interest.

2 MINUTES - 14 JUNE 2023

It was **RESOLVED** that the Minutes of the meeting of the Executive held on 14 June 2023 be approved as a correct record for signature by the Chair.

3 MINUTES OF THE OVERVIEW & SCRUTINY COMMITTEE AND SELECT COMMITTEES

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

Environment & Economy Select Committee – 14 June 2023
Overview & Scrutiny Committee – 20 June 2023
Community Select Committee – 27 June 2023

4 STATION GATEWAY AREA ACTION PLAN: PREFERRED OPTIONS REPORT - PUBLIC CONSULTATION FEEDBACK

The Executive considered a report in respect of public consultation feedback on the Station Gateway Area Action Plan (AAP) Preferred Options report.

The Portfolio Holder for Environment & Performance referred to the 4 high level options for the Station Gateway area (the area adjacent to Stevenage Railway Station, incorporating the section of Lytton Way, between Swingate and Danesgate) which were:

- Option 0 – Do nothing.

- Option 1 – All traffic modes: reduced the central area of Lytton Way between Swingate and Danesgate to a single carriageway suitable for all modes of traffic.
- Option 2 – Bus and Taxi only: reduced the central area of Lytton Way between Swingate and Danesgate to a single carriageway and restricted movement to buses and taxis only.
- Option 3 – Pedestrianised Plaza: removed regular vehicle movement from the front of the station and Lytton Way ceased to be a through-route. An access through-route would be retained for emergency vehicles needing to access and egress the station and immediate environs.

The Portfolio Holder for Environment & Performance drew attention to the relationship between the AAP and the Local Plan Review, as demonstrated by a diagram presented at the meeting.

The Assistant Director (Planning & Regulation) commented that Hertfordshire County Council Highways had expressed a preference for Option 2, for the reasons set out in the report. Members were therefore being asked to agree to consult on Option 2 as the Preferred Option within the Local Plan Review in 2024.

The Planning Policy Manager referred to the revised Local Development Scheme (LDS) timetable, attached as Appendix D to the report, and commented that it was intended that an updated LDS and Local Plan Review report would be submitted to the Executive in late 2023.

The Portfolio Holder for Economy & Transport commented that he understood the themes that had emerged from the consultation exercise set out in Paragraph 4.7 of the report. He supported the statement contained in Paragraph 4.24 of the report that the level of ambition in the Stevenage Sustainable Travel Town may make the level of mode shift achievable – however, without major behaviour change and modal shift, there were potential risks of causing significant congestion.

The Portfolio Holder for Environment & Performance advised that he had established a User Engagement Group on Active Travel. He felt that the range and depth of consultation on the AAP had been good, but that he would be striving towards undertaking local level public engagement/consultation that was beyond the Town & Country Planning Institute guidelines.

It was **RESOLVED:**

1. That the content of the Stevenage Station Gateway Area Action Plan (AAP) Preferred Options Report Consultation Statement, as set out in Appendix A of the report, be noted.

2. That the content of Hertfordshire County Council (HCC) Highways comments on the Preferred Options Report, as set out in the report, be noted.

3. That the next steps for the AAP Preferred Options Report and Local Plan Review set out in the report, including agreeing to consult on Option 2 as the Preferred Option within the Local Plan Review in 2024, be approved.

4. That the revised Local Development Scheme set out at Appendix D to the report be approved, and the timescales for a Local Plan Review be noted.

5. That it be noted that the comments of the Planning & Development Committee will be sought and considered on both the Consultation Statement and the content of the report.

6. That it be noted that informal engagement with key stakeholders will continue, ahead of incorporating the AAP into the Local Plan Review.

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

5 EQUALITY, DIVERSITY AND INCLUSION ACTION PLAN (2023 - 2024)

The Executive considered a report in respect of the proposed Equality, Diversity and Inclusion (EDI) Action Plan.

The Portfolio Holder for Community Safety & Equalities advised that the Equality Act (2010) was the legal framework by which the rights of individuals and the advancement of equality of opportunity for all are protected. In March 2022, the Council set out its commitment to fulfilling these requirements in its Equality, Diversity & Inclusion Policy (2022-2026). This was accompanied by the Equality, Diversity, and Inclusion Strategy (2022-2026), which committed the Council to going beyond legislative requirements, and recommended the implementation of an annual EDI Action Plan.

The Portfolio Holder for Community Safety & Equalities commented that the Action Plan presented in Appendix A to the report was in response to this commitment. It explained how the Council would continue to promote equality, diversity and inclusion across its services, communities, and workforce over the next year. It brought together all strands of equality, diversity and inclusion work across existing Council strategies, services, and programmes, ensuring that a clear link between the Council's six equality policy objectives and projects was established.

The Portfolio Holder for Community Safety & Equalities stated that the actions identified in the plan sought to respond to a number of key pieces of work, including:

- the initial findings of the Stevenage Equalities Commission, which focused on establishing the extent of racial disparity in Stevenage and identified a set of recommendations to tackle this issue;

- a period of self-assessment by the Council to identify existing and future projects which supported the equality, diversity and inclusion agenda, and any opportunities within these projects which it could build upon; and

- recognition of the diversity of Stevenage through analysis of the Equality & Diversity Annual Report, and making sure that the Council's actions within the plan sought to represent all protected characteristics groups.

The Portfolio Holder for Community Safety & Equalities had been very involved in the valuable work of the Stevenage Equalities Commission, which had been set up in April 2021 following a Motion agreed by the Council to address the nature, extent, and impact of racism in the town. She praised the Chair of the Commission Errol John, who was present at the meeting, for his tireless commitment to the Commission's ambitions. The Commission's findings indicated that there was further work to be undertaken with partners to identify future opportunities for joint working, which was why she was pleased to see an action for the establishment of a Stevenage Equalities Commission Legacy Group included in the Plan, so that this work could be taken forward.

The Portfolio Holder for Community Safety & Equalities also remarked on the significant number of projects already being delivered by the Council in this area, particularly the work of officers to make sure that the output was meaningful and demonstrated tangible progress for the groups which the Council was seeking to support. She was keen to see how these projects progressed, which was why the recommendation to bring an EDI Action Plan progress report back to the Executive in a years' time was so important.

In response to a Member's question about how the Action Plan would be rolled out regarding safeguarding responsibilities under the Children's Act, the Operations Director stated that it would be part of the work that would be progressed this year (as outlined in the Action Plan) regarding protected characteristic groups, including engagement with disability groups and children and young people. In acknowledging the Council's requirements under the Equalities Act around children and young people, having an Action Plan of this nature demonstrated that it recognised the needs and issues faced by this group, and was striving to address and tackle those issues in a positive way.

Errol John (Chair of the Stevenage Equalities Commission - SEC) addressed the Executive and provided some local background and history to the pioneering contributions of individuals from ethnic minority groups in the town. In terms of the SEC, he advised that it comprised 18 people from various backgrounds, some of whom had strategic links into other public service organisations. He was grateful for the work of his fellow commissioners, which had focussed on 5 priority areas (criminal justice system, education, employment/business, health and sports/arts/culture).

Errol John commented that the work of the SEC had confirmed that equality disparities were still apparent in various areas, as evidenced by the data/information gathered and the testimony of witnesses. He stated that strategies were being developed to endeavour to address those disparities and drew attention to the SEC's Legacy Group Action Plan, which was appended to the officer report.

The Chair thanked Errol for his address and the work of the Commission.

The Operations Director confirmed that officers had incorporated the recommendations of the SEC into the Council's EDI Action Plan. Progress would be monitored via the SBC Equality & Diversity Governance Group.

It was **RESOLVED:**

1. That the Equality, Diversity and Inclusion (EDI) Action Plan, as set out at Appendix A to the report, be approved.

2. That an EDI progress report and updated EDI Action Plan be brought back to the Executive in Autumn 2024.

3. That the Stevenage Equalities Commission (SEC) Recommendations Report and SEC Legacy Group Action Plan, as set out in Appendices B1 and B2 to the report respectively, be noted.

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

6 HOUSING UNDER-OCCUPATION POLICY REVIEW

The Executive considered a report in respect of a proposed revised Housing Under Occupation Policy.

The Portfolio Holder for Housing & Housing Development advised that the updated Under Occupation Policy included various amendments and incentives to encourage those living in homes that were too large for them (should they so wish) to downsize into more appropriate accommodation that may better serve their needs. The policy aimed to support under-occupying council tenants who wished to downsize by providing them with practical support and financial assistance.

The Portfolio Holder for Housing & Housing Development commented that moving into more appropriate homes benefitted residents by providing a home that was more manageable, both physically and financially. As the cost of living crisis deepened, larger homes could lead to higher energy costs and some residents mat meet for the under occupation tax on benefits. Therefore, helping tenants to downsize appropriately would ensure that the Council made best use of its housing stock by releasing larger properties for re-letting to overcrowded families and helping to reduce customer debt and Council rent arrears.

The Executive noted the results of the Downsizing pilot and that the necessary staffing requirements were to be built into the Housing Revenue Account (HRA) Business Plan for a Downsizing Officer to be maintained.

The Portfolio Holder for Housing & Housing Development stated that the policy responded to the Future Town Future Council programme ambitions for Co-operative Neighbourhood Management and Excellent Council Homes by responding to tenants' needs and priorities and developing a better housing service.

In reply to a Member's question, it was confirmed that the policy would apply to specialist housing (such as properties for the disabled), as well as general needs housing, and appropriate adaptations could be made to certain properties to enable tenants to downsize.

It was **RESOLVED:**

1. That the reviewed Housing Under Occupation Policy, as attached at Appendix A to the report, be approved and adopted.

2. That the results of the Downsizing pilot, as set out in the report, be noted.

3. That it be noted that the budget for the Downsizing Officer role has been factored into the 2023/24 budget, and that beyond that, a growth bid will be submitted for the 2024/25 HRA Business Plan to maintain this role.

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

7 LOCAL LETTINGS POLICY FOR SPECIALIST ACCOMMODATION (OLDER PEOPLE)

The Executive considered a report in respect of a proposed Local Lettings Policy for Specialist Accommodation (Older People).

The Portfolio Holder for Housing & Housing Development advised that the Council recognised that there was an increasing older persons population. As part of the Older Person's Strategy commitments, the proposed policy ensured that the Council met their needs, whilst recognising that complex cases required specific property types and support. The removal of Specialist Accommodation from the Choice Based Lettings bidding system would improve the customer journey to identify the most suitable property for letting. This streamlined approach would also ensure that properties were let in the shortest possible timeframes, reducing void rent loss.

The Executive noted that the necessary staffing requirements were to be built into the Housing Revenue Account (HRA) Business Plan for the Specialist Support Officer (Lettings) to be maintained to support the implementation of the Local Lettings Policy.

The Portfolio Holder for Housing & Housing Development stated that the policy responded to tenants' needs and priorities and contributed to developing a better housing service for older people, as outlined in the Future Town Future Council programme ambitions for Co-operative Neighbourhood Management, Connected to our Customers and Excellent Council Homes.

It was **RESOLVED:**

1. That the Local Lettings Policy for Specialist Accommodation (Older People), as attached at Appendix A to the report, be approved and adopted.

2. That it be noted that the budget for the Specialist Support Officer (Lettings) role has been factored in until December 2023, and that beyond that, a growth bid will be submitted for the 2024/25 HRA Business Plan to maintain this role. This was in addition to the Accommodation and Complex Needs Officer post.

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

8 CORPORATE PERFORMANCE QUARTER 4 2022/23, ANNUAL REPORT 2022/23 AND CORPORATE PERFORMANCE SUITE 2023/24

The Executive considered a report in respect of Corporate Performance for Quarter 4 of 2022/23, the proposed Annual Report for 2022/23, and the proposed Corporate Performance Suite for 2023/24.

The Chair introduced the item by stating that he was pleased with the Council's achievements during the 2022/23 Financial Year, in particular the significant progress made towards delivery of the ambitious Future Town Future Council programme. Whilst acknowledging that there would always be room for improvement on some elements, he felt that overall performance had been good and he thanked portfolio holders for their leadership in this regard.

The Chair stated that the proposed Corporate Performance Suite 2023/24 would form the basis of quarterly performance reports to Executive throughout 2023/24. He was reassured that the changes proposed would improve performance monitoring throughout the year and ensured that Members had a good understanding of where the Council needed to focus its attention to secure further improvements, whilst also delivering on what would be of great interest to residents and wider stakeholders.

The Chief Executive gave a presentation concerning the Quarter 4 2022/23 report, and summarised the Future Town Future Council (FTFC) performance highlights throughout the Quarter, under the headings of Transforming Our Town; More Social and Affordable Housing; Co-operative and Neighbourhoods; Making Your Money Count; and a Clean, Green, Safe and Thriving Town.

The Chief Executive reported that, as at Quarter 4, of the 63 Corporate Performance Indicators, 43 were at Green status; 3 were at Amber; 11 were at Red; and 6 were outstanding, the reasons for which he outlined in his presentation.

The Chief Executive then presented the proposed Priorities for 2023/24 under the above five FTFC headings, and also outlined the Corporate and Service priorities for the year. It was noted that the words "Good Quality" had been added to the title of the housing heading so that it now read "More Social, Affordable and Good Quality Homes".

The Portfolio Holder for Environment & Performance commended the simplified performance measures for 2023/24, as set out in Appendix B to the report.

It was **RESOLVED:**

1. That the draft Annual Report 2022/23 (Appendix A to the report) and Summary Action Plan/Plan on a Page (Appendix B to the report) be agreed, with final sign off delegated to the Chief Executive, after consultation with the Leader of

the Council.

2. That the significant progress in the delivery of priorities which form the Future Town, Future Council Programme and strong performance of the Council across the key themes for Quarter Four 2022/23, together with the latest achievements, be noted (as set out in Appendices C and D to the report).

3. That the proposed Corporate Performance Suite 2023/24 (as set out in Appendix F to the report) be agreed.

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

9 4TH QUARTER REVENUE MONITORING 2022/23 - GENERAL FUND AND HOUSING REVENUE ACCOUNT

The Executive considered a report in respect of 4th Quarter Revenue Budget Monitoring 2022/23 for the General Fund and Housing Revenue Account.

In respect of the General Fund, the Portfolio Holder for Resources & Transformation referred to Section 4.2 of the report, which provided an analysis of the significant 2022/23 underspends totalling £740,000. She added that the report also sought approval for the Chief Financial Officer, in consultation with her as Portfolio Holder, to appoint the Council's insurers, following completion of a tendering exercise. The report requested approval for carry forwards totalling £504,650, and the transfer to reserves of £696,000.

In relation to the Housing Revenue Account (HRA), the Portfolio Holder for Resources & Transformation explained that this was reporting a 2022/23 deficit of £469,000, and a £518,000 improvement against the working budget of £987,000. Within these figures, £922,000 of carry forwards were requested, as set out in Section 4.13 of the report. A transfer to reserves of £17.244Million was also recommended for approval, to reflect upcoming debt repayments in the HRA. The working balance for the HRA would therefore be £10.476Million.

The Portfolio Holder for Resources & Transformation stated that inflation costs and staff pay award costs would need to be monitored and analysed. The updated General Fund Medium Term Financial Strategy would be submitted to the Executive in the Autumn.

The Strategic Director (CF) commented that, for the General Fund, officers were vigilant at looking at savings opportunities due to reducing funding. The table contained in Paragraph 4.1.4 of the report would be key to understanding how the 2022/23 underspends had arisen.

It was **RESOLVED:**

General Fund

1. That the 2022/23 actual General Fund net expenditure of £10.423Million be

noted, subject to the 2022/23 audit of the Statement of Accounts.

2. That the 2022/23 actual core resources of £9.470Million be noted (as set out in Paragraph 4.4 of the report), subject to the 2022/23 audit of the Statement of Accounts.

3. That carry forward/spend requests totalling £504,650 be approved for the General Fund (as set out in Paragraph 4.3.1 of the report).

4. That the Transfer to reserves of £0.696Million be approved for the General Fund (as set out in Paragraph 4.7.2 of the report).

5. That the changes to the 2023/24 General Fund budget savings totalling £95,000 be approved for the General Fund (as set out Section 4.6 of the report).

6. That the changes to the 2023/24 General Fund budget to reflect the additional cost associated with the Shared Revenue and Benefits service of £89,000 and adjustment to NDR Levy of £51,000 be approved for the General Fund (as set out in Section 4.6 of the report).

7. That the inflationary pressures outlined in Paragraphs 4.6.4 and 4.6.5 of the report be noted.

8. That drawdown of £272,000 from reserves to fund Revenue Contribution to Capital within the amount included in the General Fund working budget be approved (as set out in Paragraph 4.6.2 of the report).

9. That delegated authority be given to the Strategic Director (CFO), following consultation with the Portfolio Holder for Resources and Transformation, to appoint the Council's insurers, following the completion of the tendering exercise (as set out in Paragraph 4.8 of the report).

Housing Revenue Account (HRA)

10. That the 2022/23 actual in year HRA deficit of £469,241 be noted, subject to the audit of the Statement of Accounts.

11. That new carry forward requests totalling £922,000 and an ongoing budget saving of £6,300 be approved for the HRA (as set out in Paragraph 4.13.1 of the report).

12. That the Transfer to reserves of £17.244Million be approved for the HRA (as set out in Paragraph 4.15.2 of the report).

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

10 2022/23 CAPITAL EXPENDITURE OUTTURN

The Executive considered a report in respect of the 2022/23 Capital Expenditure Outturn.

In respect of the General Fund, the Portfolio Holder for Resources & Transformation advised that there had been spend of £17.8Million against a working budget of £23.9Million, with a request for carry forwards totalling £6.7Million. Of the £17.8Million spent, £4.9Million was funded from borrowing; £5 Million from capital receipts; and the remaining £7.9Million from a variety of reserves, grants and other contributions. If the recommendations in the report were approved, a revised General Fund Capital Programme of £33.7Million would be in place for 2023/24.

With regard to the Housing Revenue Account (HRA), the Portfolio Holder for Resources & Transformation stated that this incurred expenditure of £44Million against a working budget of £42.4Million, which resulted in a negative carry forward of £1.6Million into 2023/24. Of the £44Million spent, £5.5Million was funded through borrowing; £24.5Million from the Major Repairs reserve; £12Million from capital receipts; and the remaining £2Million from a variety of reserves, grants and other contributions. The HRA resources were being reviewed through the refreshed HRA Business Plan. Approval was also sought for the appropriation of the Brent Court garage block from the General Fund to the HRA in 2023/24, as detailed in Paragraph 4.7.1 of the report.

The Strategic Director (CF) commented that funding the Capital Programme continued to be a challenge, with the majority of resources, particularly for the General Fund, allocated towards maintaining existing facilities rather than enhancements and growth (unless third party funding was available). She referred to some already known pressures that could impact on the deferred reserve used for in-year spend that could be required as a result of those pressures.

It was **RESOLVED:**

1. That the 2022/23 General Fund Capital expenditure outturn (£17.814Million), as summarised in Paragraph 4.1.1 of the report, be noted (subject to the completion of the 2020/21 and 2021/22 and 2022/23 external audit of accounts).

2. That the 2022/23 HRA Capital expenditure outturn (£43.966Million), as summarised in Paragraph 4.4.1 of the report, be noted, (subject to the completion of the 2020/21, 2021/22 and 2022/23 external audit of accounts).

3. That the funding applied to the 2022/23 General Fund Capital programme, as summarised in Paragraph 4.2.1 of the report, be approved.

4. That the funding applied to the 2022/23 HRA Capital programme, as summarised in Paragraph 4.5.1 of the report, be approved.

5. That the 2023/24 General Fund Capital programme increase of £6.796Million, as set out in Paragraph 4.3.1 of the report, be approved.

6. That the 2023/24 HRA Capital programme decrease of £1.628Million, as set out in Paragraph 4.6.1 of the report, be noted.

7. That the appropriation of Brent Court garage block (red book valuation to be obtained) in 2023/24 from the General Fund to the HRA, as detailed in Paragraph 4.7.1 of the report, be approved.

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 reports 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 - 14 JUNE 2023

It was **RESOLVED** that the Part II Minutes of the meeting of the Executive held on 14 June 2023 be approved as a correct record for signature by the Chair.

14 REGENERATION PROGRAMME UPDATE AND SG1 PROGRAMME IMPLEMENTATION

The Executive considered a Part II report in respect of an update on the Regeneration Programme and implementation of the SG1 project.

It was **RESOLVED** that the recommendations set out in the report be approved.

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

15 URGENT PART II BUSINESS

None.

CHAIR

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STEVENAGE BOROUGH COUNCIL

ENVIRONMENT & ECONOMY SELECT COMMITTEE
MINUTES

Date: Thursday, 6 July 2023
Time: 6.00pm
Place: Council Chamber, Daneshill House, Danestrete, Stevenage

Present:	Councillors: Rob Broom (Chair), Adam Mitchell CC (Vice Chair), Jim Brown, Bret Facey, Conor McGrath, Sarah Mead, Claire Parris, Ellie Plater, Graham Snell and Baroness Taylor of Stevenage, OBE.
Start / End Time:	Start Time: 6.00pm End Time: 7.24pm

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

Apologies for absence were received by Councillor Andy McGuinness.

There were no declarations of interest.

2 **MINUTES - 14 JUNE 2023**

It was **RESOLVED t**hat the Minutes of the Meeting of the Environment and Economy Select Committee held on 14 June 2023 be approved as a correct record and signed by the Chair.

3 **BUS SCRUTINY REVIEW - INTERVIEWS WITH HCC TRANSPORT UNIT & HCC EXECUTIVE PORTFOLIO HOLDER FOR TRANSPORT & HIGHWAYS**

The Chair welcomed to the meeting Herts County Council Officers Simon Aries Director of Transport, Waste and Environment and Dan Tancock, Transport Unit along with Councillor Phil Bibby in his role as HCC Executive Portfolio Holder for Highways and Transport.

The Chair opened the debate by expressing concern regarding the situation with the poor bus service in Stevenage, the ZEBRA Scheme not going ahead, inaccurate timing information, falling passenger numbers and the tired and worn-out bus fleet.

In response to several questions the following answers/comments were given by the representatives from HCC:

- The unreliability issues of the bus services were a concern. HCC were trying to encourage sustainability for the service but the combination of the issues of low passenger numbers/enhanced costs/lack of drivers and an ageing fleet were obstacles to this;
- It was agreed that the concerns were not limited to Stevenage as nationally

bus services were struggling, with passenger numbers not recovering post covid and combined with driver recruitment difficulties;

- The real time information displayed at bus stops around the Town was in the process of being upgraded. Members were of the view, however, that the extent of investment in screens to carry the information to do this by HCC was inadequate;
- The Committee was informed that if the bus operators were of the view that a route was not commercial there was nothing that the County Council could do to change their stance due to the funding model adopted;
- Franchising had been considered by HCC but the high costs involved had ruled it out and the partnership model was adopted instead. HCC advised that they might look at Franchising again to assess the viability;
- £18million had been invested by HCC across the County, much of this for concessionary travel;
- In relation to the failure of the Zero Emissions Bus Regional Area (ZEBRA), it was noted that the funding would only have been available if a willing partner had been in place and HCC advised that Arriva had declined for commercial reasons. ZEBRA Part 2 would be announced at some point but again a willing partner would be necessary for this to be applied for and Arriva had ruled themselves out for commercial reasons;
- The concern regarding the condition of some bus stops in the Town had been noted. HCC advised that a programme of improvements was in place and several had been completed but it was accepted that more work was needed on others, including the installation of real time information for bus times and which routes were running;
- A new 907 route had been launched between Stevenage and Cheshunt and the SB6 would be replaced by a more frequent SB7 route;
- The Committee was advised that unfortunately the County Council had no influence on Arriva running the bus service in Stevenage as it was a commercial operation although they were willing to work with Arriva and to support them in any way;
- Cllr Bibby would be attending an East of England Forum to discuss bus services across the region;
- Cllr Bibby stated that as part of Herts Rapid Transport Links, the County Council were looking into solutions such as guided buses which run on rubber wheels along a fixed guided track, for routes linking major towns in the region (A414 ST Albans – Hatfield – Hertford corridor);
- HCC Officers would investigate the reported practice of bus drivers encouraging passengers to not scan passes in order to speed up the boarding of the bus as the scanning of the passes was vital for recording the

use of subsidies;

- In relation to electric buses, officers advised that unless battery technology dramatically improved it would be more likely to see the larger vehicles replaced with hydrogen run technology in the future. The Chair advised that Members of the Committee would be carrying out a site visit to other Towns in Hertfordshire that already used the EV technology within their fleet (Potters Bar Metro Line).

The Chair thanked Cllr Phil Bibby, Simon Aries and Dan Tancock for attending the meeting and their helpful input.

4 MAPPING EXERCISE DOCUMENT FOR BUS SCRUTINY REVIEW

The Scrutiny Officer presented the mapping exercise for the Bus Services Scrutiny Review.

The Committee noted that at the next meeting a representative from Arriva Buses would be attending to be interviewed by Members along with a member of the Stevenage Bus Users Group.

Members also asked that the use of the new bus interchange particularly for people with disabilities be considered. It was agreed that a representative from one of the Disability Groups in the Town be asked to attend a meeting of the Committee.

Cllr Lloyd Briscoe Portfolio Holder for Economy and Transport would be at the October meeting along with Zayd Al Jawad, Assistant Director Planning and Regulatory and other SBC officers.

It was **RESOLVED** that the Mapping Document be noted.

5 E&E SELECT COMMITTEE ACTION TRACKER

The Scrutiny Officer presented the Action Tracker for the Committee.

It was noted that reports on the Climate Emergency would be brough back to Committee in November 2023 and March 2024 to update on where the Council was on this issue.

In response to a question regarding recycling rates and the cost of recycling, the Assistant Director Stevenage Direct Services confirmed that the Council received a substantial income from recycling and was continuously working on ways to increase the rates of recycling.

A Member raised the recent statement regarding Southern Rail's 21-day consultation on the closure of the ticket office at Stevenage Railway station.

The Committee were concerned about the possible loss of the ticket office citing the issues that this would raise for the disabled, visually impaired, people with learning difficulties and dyslexia to use ticket machines and for the digitally excluded to book tickets remotely online.

The Committee asked that the matter be raised with appropriate officers and also Cllr Briscoe, as Portfolio Holder for Environment and Transport as a matter of urgency to ask what representation and response to the consultation was being made corporately from SBC?

The Chair then suggested that current workload allowing, the Committee receive a presentation/update from officers regarding the current position with the Council's garage stock around the Town as far too many were not fit for purpose.

It was **RESOLVED** that with the suggestions raised above, the Action Tracker for the Committee be noted.

6 **URGENT PART I BUSINESS**

None.

7 **EXCLUSION OF PUBLIC AND PRESS**

Not required.

8 **URGENT PART II BUSINESS**

None.

CHAIR

STEVENAGE BOROUGH COUNCIL

OVERVIEW AND SCRUTINY COMMITTEE
MINUTES

Date: Monday, 24 July 2023
Time: 6.00pm
Place: Council Chamber, Daneshill House, Danestrete, Stevenage

Present:	Councillors: Lin Martin-Haugh (Chair), Philip Bibby CC (Vice-Chair), Stephen Booth, Rob Broom, Jim Brown, Forhad Chowdhury, Michael Downing, Bret Facey, Sarah Mead, Margaret Notley, Robin Parker CC, Carolina Veres and Anne Wells
Start / End Time:	Start Time: 6.00pm End Time: 9.20pm

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

Apologies for absence were submitted on behalf of Councillor Conor McGrath.

There were no declarations of interest.

2 **MINUTES OF THE PREVIOUS MEETING**

It was **RESOLVED** that the Minutes of the Overview & Scrutiny Committee held on Tuesday, 20 June 2023 be approved as a correct record and signed by the Chair.

3 **PART I DECISIONS OF THE EXECUTIVE**

2. Minutes – 15 March 2023

Noted.

3. Minutes of Overview & Scrutiny Committee and Select Committees

Noted.

4. Station Gateway Area Action Plan: Preferred Options Report – Public Consultation Feedback

The Committee was informed that Executive had considered a report in respect of public consultation feedback on the Station Gateway Area Action Plan (AAP) Preferred Options and had approved the recommendations set out in the report.

Members were advised that the report focussed on the latest stage of consultation and captured comments from all stakeholders as well as members of the public. It was advised that as this was a high level strategic policy objective it would not automatically become planning policy nor immediately implemented. The AAP was a long term policy for potential improvements to the area giving consideration as to how the space could be used in the future and would form part of the review of the Local Plan in 2025/26.

In reply to a number of questions/comments from Members, the Strategic Director (TP) and the Assistant Director Planning and Regulation gave the following responses:

- In response to the Preferred Option and impact on Lytton Way and the objections that had been received to the downgrading or closure of Lytton Way, it was noted that some comments had been received in support as well as some with areas of concern. Officers reiterated that in taking a preferred option forward, this did not confirm a policy position nor a precise development scheme, but would form part of the review of the Local Plan and would require further development and further public consultation.
- In relation to the change in traffic flow that would be required, modelling had been undertaken by HCC as Highways Authority who had advised that there could be impacts on the network without people changing their preferred mode of transport. If this were to go forward in a number of years, there would have to be a number of mitigations made to address the traffic impacts around Fairlands Way and Gunnels Wood Road and St George's Way.
- It was confirmed that the high level bridge crossing on Lytton Way would be maintained until there was an adequate at grade crossing alternative;
- In terms of consultation timescales, the Local Plan update would take place in 2024/5. The Station Gateway would form part of the Local Plan leading up to 2031;
- Officers advised that so far consultation had taken place over 2 phases with over 1400 responses received. Officers were aware that the technology used so far in the consultation could be further improved and the Council would be looking at easier ways for the public to engage going forward;
- A Member was concerned that the initial branding of the scheme as 'connections' gave the impression that people would only be getting on a train to travel outside of the Town. Officers advised that this was not simply seen as an arrival point for in and out of Town travel but would be the integral linkage point at the heart of the town for all residents including those travelling across Stevenage between the east and west of the Town;
- In relation to the access to the new Multi Storey Car Park (MSCP), Members were advised that the car park had been 'future proofed' in terms of its design to ensure any potential changes to Lytton way would not affect access to the car park;
- It was advised that the review of the Local Plan would be subject to the Secretary of State's approval and once agreed would form planning policy, but that any specific decisions would have to be submitted to the Planning and Development Committee for approval.

5. Equality, Diversity and Inclusion Action Plan (2023-24)

The Committee was advised that the recommendations in the report had been approved and that following a question at Executive in relation to safeguarding responsibilities. Officers had advised that the Action Plan demonstrated that the Council recognised the needs and issues faced and how it would strive to address and tackle issues in a positive way. Progress around digital engagement had also been improved but it was recognised that there was further work to do to capture the voices of young people.

In response to a question regarding the process for monitoring successes against the Action Plan, Officers advised that the work of the Legacy Group would continue and this would include moving the recommendations forward but it was agreed that some of the actions should be tightened up recognising that the actions were not just for Stevenage Borough Council but also a range of its partners.

In relation to digital engagement, a number of measures had been put in place to break down barriers including Council Officers using tablets to engage people and support them in completing consultations. Members were pleased to note that this had been successful in a number of places including Independent Living Schemes and would continue to be monitored.

In relation to social inclusion, Officers advised that they would continue to use the data gathered from a number of sources to furnish the Equality Impact Assessments that were undertaken, taking account of socio economic factors alongside the protected characteristics.

6. Housing Under Occupation Policy Review

Members noted that the Policy would apply to specialist housing (such as disabled properties), as well as general needs housing, and appropriate adaptations could be made to certain properties to allow tenants of specialist housing to downsize.

7. Local Lettings Policy for Specialist Accommodation (Older People)

Noted.

8. Corporate Performance Quarter 4 2022/23, Annual Report 2022/23 and Corporate Performance Suite 2023/24

In response to a concern officers advised that in relation to telephone answering levels within the Customer Service Centre (CSC), there was not one simple answer. Challenges within the CSC included recruitment and retention and high volumes of complex enquiries which could themselves restrict call handling capacity. Members were advised that improvements were being made to on-line services, 2 additional colleagues had joined the team and that a digital knowledge base system had also been put in place.

It was also noted that areas of the Council that were seeing improved performance, such as the Housing Repairs would take the burden off the Call Centre with reduced repeat enquiries.

9. 4th Quarter Revenue Monitoring 2022/23 – General Fund and Housing Revenue Account

Officers confirmed that the core resources of the General Fund was made up of Council Tax collected, NNDR and Government Grants.

The overspend referred to in paragraph 4.12 of the report in relation to repairs and voids was made up of a slight increase in agency costs, sub-contractor costs and also re-charges had been slightly higher than previously. The Schedule of Rates charge had not increased but the impact going forward would be looked at by Officers alongside what actions were currently being taken. The Strategic Director (CF) agreed to provide a fuller explanation to Members of the Committee of the situation following the meeting.

10. 2022/23 Capital Expenditure Outturn

Noted.

4 **COUNCIL TAX SUPPORT SCHEME**

The Committee considered a report including the latest available information around the current local Stevenage Council Tax Support (CTS) scheme and whether any changes to the scheme should be considered for the financial year 2024/25.

Officers summarised the CTS scheme for 2023/24 as follows:

- That the CTS scheme for all working age claimants would be based on 91.5% of their Council tax liability;
- Elderly CTS claimants were protected in law from any restriction to the liability used in CTS calculations. Their awards would always be based on 100% of the council tax charge.
- All local discretions currently in place continued e.g. war pension disregards;
- Other aspects of the Council Tax Support scheme mirrored the previous Council Tax Benefit scheme.

It was noted that the current CTS scheme worked and protected the most vulnerable customers by the use of applicable amounts and income disregards. However, the challenges and opportunities introduced by Universal Credit (UC) prompted a review of the structure of the scheme, but concluded that until the majority of claimants were in receipt of UC, any alternative would add further complexity.

Officers advised that they still recommended therefore that a two stage approach be followed as the Council moved forward. Firstly, instead of looking to change the current scheme in the short term, the introduction of further automation of UC change notices be continued. Secondly, once actual caseload migration is timetabled, consideration of a banded scheme or a discount scheme would be revisited.

The following comments were made by Members in response to the report:

- Members were of the view that the scheme should remain unchanged at the moment but if there needed to be a change going forward there had to be considerable notice given to those residents affected;
- Officers advised that there were a number of complicated Housing Benefit cases and a plan would be needed for this caseload particularly as recruitment and retention of staff in this area was an issue;
- Members were pleased to note that elderly claimants were protected by law.

It was **RESOLVED:**

1. That no other options around scheme design should be explored further for Stevenage's local Council Tax Support scheme for April 2024.

2. That a policy Overview and Scrutiny meeting is held post Full Council in May 2024 to determine whether there has been a transition to Universal Credit and a need to adapt the existing scheme as set out in section 4.4-4.5 of the report.

3. That it be confirmed that the Council continues to use the directive contained in the Social Security Administration Act 1992 to disregard, in full, awards of War Widows, War Disablement and Armed Forces Compensation when determining entitlement for housing benefit and/or council tax support.

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

None.

6 **URGENT PART I BUSINESS**

None.

7 **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.

8 **PART II MINUTES - OVERVIEW AND SCRUTINY COMMITTEE**

It was **RESOLVED** that the Part II Minutes of the Overview and Scrutiny Committee held on 20 June 2023 be approved as a correct record and signed by the Chair.

9 **PART II DECISIONS OF THE EXECUTIVE**

13. Part II Minutes – Executive – 14 June 2023

Noted.

14. Regeneration Programme Update and SG1 Programme Implementation

The Committee received a presentation and asked a number of questions regarding this item which were answered by the Strategic Directors (TP) and (CF) and the Assistant Director Regeneration.

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

None.

11 **URGENT PART II BUSINESS**

None.

CHAIR

STEVENAGE BOROUGH COUNCIL

COMMUNITY SELECT COMMITTEE
MINUTES

Date: Wednesday, 26 July 2023
Time: 6.00pm
Place: Council Chamber, Daneshill House, Danestrete, Stevenage

Present:	Councillors: Sarah Mead (Chair) (Chair), Alex Farquharson (Vice-Chair) (Vice Chair), Julie Ashley-Wren, Forhad Chowdhury, Mason Humberstone, Wendy Kerby, Conor McGrath, Ellie Plater and Carolina Veres
Start / End Time:	Start Time: 6.00pm End Time: 7.00pm

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

Apologies for absence were submitted on behalf of Councillor John Duncan.

There were no declarations of interest.

2 **MINUTES OF THE PREVIOUS MEETING - 27 JUNE 2023**

It was **RESOLVED** that the minutes of the meeting of the Community Select Committee held on 27 June 2023 be approved as a correct record and signed by the Chair.

3 **HOUSING REPAIRS SERVICE - OFFICER PRESENTATION**

The Assistant Director, Stevenage Direct Services and Dean Stevens, Maintenance and Repairs manager gave a presentation to the Committee including overview of the internal contractor arrangements for the delivery of day to day council property repairs.

The Committee was advised that:

- the team delivered day to day repairs, alongside void repairs and caretaking services;
- approximately 8,500 tenanted properties were looked after;
- day to day repairs were delivered by the Council’s in-house team supported by a range of specialist contractors eg glazing and fencing;
- during 2022/23 over 2,000 urgent repairs and 14,000 routine repairs are carried out;
- 95% of repairs were fixed first time.

In response to a question, officers advised that for an out of hours emergency repair, tenants were advised that they should call the regular repairs number which would be automatically transferred to a member of the Out of Hours Team who would process the repair.

A Member also asked how a repair was categorised and gave the example of a front door not working, reducing the exit of the property to just the rear door. Officers advised that if a tenant was able to safely exit from a property, this would not be deemed as an emergency but would be categorised as an urgent or routine repair.

Officers then gave an overview of the resources within the team and advised that work was allocated and overseen by three trade supervisors and three schedulers, supported by two Maintenance Surveyors.

Members were advised that the budget for day to day repairs and out of hours emergency calls was approximately £2.5million per annum.

In relation to the performance standards for repairs the following categories were noted:

- Emergency (immediate risk or danger to the tenant or property) – 24 hours;
- Urgent (if not remedied may cause substantial discomfort or damage) – 5 days;
- Routine (minor inconvenience and little impact on the property) – 20 days.

Members were pleased to note that customer satisfaction had risen from 77% to 88% over the past 6 weeks against a target of 90%. The target for first time fix was 95% and Officers were pleased to report that 98% was currently being achieved.

Members were advised of a number of previous challenges to the Service including recruitment problems resulting in an over reliance on agency workers, limited capability of digital systems, 'lost' jobs not being fully completed on the day and insufficient capacity within the service.

Officers reported on recent improvements and current actions:

- The appointment of an Assistant Director for Building Safety and Housing Property Services;
- Supervisors had been freed up to focus solely on repairs optimisation with a focus on completing all jobs scheduled each day;
- New digital ways of working leading to tenants being able to book their own repairs;
- Less reliance on agency workers with the team almost entirely staffed by contracted workers;
- Improved stock availability since the start of the new materials contract with Gibbs and Dandy which had contributed to the first-time fix ethos.

Members were advised that in relation to contact with tenants on the day of the scheduled repair, text messages and sometimes a call to ensure the tenant was in the property would be made so that there were no wasted visits.

Members were pleased to note the streamlining improvements to the way the

Housing IT (Northgate) system was accessed, which would ensure the Repairs Team were fully linked to other areas within the Housing Service

The Committee was advised that although huge improvements had been made to the service, there were still a number of current challenges including:

- Recruitment into various roles could still be challenging due to a buoyant construction sector;
- Enhanced planned and cyclical maintenance works to assets would reduce the demands on the repairs service; and
- Single trades operatives were not as efficient as multi trade operatives.

In response to a question, officers advised that in relation to historical complex legacy cases these were being worked through by officers and should become a thing of the past with most cases now being resolved quickly and repaired on the same day.

The Chair thanked the officers for their excellent presentation and the good news reported about the improvements to the service. The Chair was keen that should also be shared with all Members of the Council along with council tenants.

4 **HOUSING REPAIRS SCRUTINY SCOPING DOCUMENT**

The Scrutiny Officer presented a draft scoping document for the review of the Repairs Service.

Members were keen to include a visit with the Team and site visits if this could be arranged. The Repairs manager advised that he would be happy to arrange this and would liaise with the Scrutiny officer for dates and a schedule for the visits.

5 **URGENT PART 1 BUSINESS**

None.

6 **EXCLUSION OF PUBLIC AND PRESS**

Not required.

7 **URGENT PART II BUSINESS**

None.

CHAIR

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Part I – Release to Press

Agenda item: ##

Meeting Executive

Portfolio Area Resources & Transformation

Date 20 September 2023

FUTURE COUNCIL 2025 TRANSFORMATION PROGRAMME SAVINGS UPDATE

LEAD AUTHOR: JONATHAN JAMES

KEY DECISION

1 PURPOSE

1.1 To inform Members and seek agreement for changes in customer services location and opening times.

1.2 To inform Members of proposed changes to community advice, housing, and localities teams as part of activity-based review of services.

2 RECOMMENDATIONS

2.1 That the change of location of the customer service centre to the main reception entrance of Daneshill House be approved.

2.2 That the change of opening hours of customer services from 8am - 5pm to 9pm – 5pm be approved.

2.3 That the potential savings to the Housing Revenue Account (HRA) and General fund in support of the medium-term financial plan be noted.

3 BACKGROUND

3.1 In August 2021, the Executive approved the development of a Transformation programme to improve customer experience, increase workforce productivity and organisational resilience, while supporting savings required by the Medium-Term Financial Strategy.

3.2 There are two main drivers for the Transformation programme: improving resident / customer satisfaction as well as supporting the Balancing the Budget strategy. In October 2022, the Executive considered a further report which provided an update on the Future Council 2025 Transformation Programme, including the approval to implement a Five-Star Customer Service programme, which responded to the key principles agreed by the Executive in August 2021.

3.3 The Transformation programme is organised into four main themes which were set out in August 2021 to help organise activities in the most efficient way and group particular skills and priorities together. The four themes are:

Strategy & Commissioning	Service Delivery & Localities	Direct Services	Resources
Core hub for setting strategy, policy and ensuring the Council is delivering on strategic ambitions for the town and it's people	Excellent customer experience across all channels, created and delivered by working co-operatively with the community.	Flexible and responsive services which operate commercially to provide value for money.	Agile support services which help services to adapt and improve. Efficient self-serve process and reduced paperwork burden for managers.

Figure 1 Transformation Themes

3.4 The changes proposed in this report are in line with the Service Delivery and Localities Theme and aims to improve customer experience across all Council teams, across the various routes and means that residents and customers engage with the Council, and the way the Council works co-operatively with the community. Given the potential benefits for customers, residents and the town, this area of work has been prioritised. In addition, this area covers the largest area of staff spend (approximately £9m).

3.5 Across the country, local government has been facing a challenging financial position after a decade of central government funding reductions and with pressures heightened by the effects of the Covid-19 pandemic, increasing inflationary pressures and the cost-of-living crisis driving up demand for services. Therefore, the focus on financial security is more important than ever to support a strong position for the Town and the Council.

3.6 The ability to identify options to reduce net spend has become ever more challenging, with a need to make annual savings to reduce the Council's cost base. The Transformation programme combines changes to processes, organisation structure, policy, culture, and technology; all these aspects need to be reviewed and redesigned, with changes implemented to each, to ensure improvements are sustainable and maintain delivery of priority services within a lower overall budget.

3.7 Through delivering sustainable transformation, the current programme aims to enable resources to continue to support the delivery of the priorities set out in the Council's corporate plan. The key drivers for the current proposed savings are:

- Deliver the Five Star customer service principles as approved in the October 2022 Executive report. See figure 2.
- Bring services and common activities together into larger multi-skilled teams to improve the handling of cases.
- Enable services to deliver savings 'year on year'.
- Deliver an efficient and high performing Customer Services.
- Improve the customer experience.
- Deliver customer expectations for an efficient and secure online transactional services and payments.
- Influence culture change and enable services to adapt to a new and reduced footprint required for the proposed new 'Civic Hub' building.

3.8 The agreed vision for the programme by the Executive 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.'

3.9 Customer optimisation and efficiencies

3.10 With the vision in mind, and the key drivers mentioned in paragraph 3.7 above, customers increasingly want convenient services, with access when, how and where they choose. For many this means online services which are easy to use and available "24/7".

3.11 While there has been an increase in the number of digital transactions over the past 5 years, there is opportunity to further improve the Council's online offer and the ease with which residents can access Council services rather than calling and waiting on the telephone for something they could easily do themselves online.

3.12 Any changes made need to follow the agreed Five-Star Customer Service programme is set out below in Figure 2. The programme set out actions which together will improve customer satisfaction, reduce complaints, and support savings:

Figure 2. FIVE STAR CUSTOMER SERVICE

	What we will do	The impact
1 Accessible services, online & 24/7	• Improve service options available online • Test new online services with customers • Make it easier to use the website • Implement chatbot option • Prioritise phone & face to face services for those who need it	✓ Easier to find an answer on the web ✓ More services accessed online ✓ Staff can help those who need it most ✓ Less time on admin & more time helping
2 Easy to use trackable processes	• Redesign processes so they are simple and as few steps as possible • Be clear with customers what happens next • Replace emails with case system	✓ Easier to see the status of a case ✓ Customers can see what happens next ✓ No need to chase
3 Spot & solve issues before they arise	• Develop/ train all staff to be proactive problem solvers • Improve data & reporting so we can spot issues early • Communicate changes & give timely updates • Test new services with customers	✓ Staff take ownership to resolve issues ✓ Customers are helped more quickly ✓ Less time/ resource handling complaints & more time on improving services
4 An Answer first time & clear on next steps	• Deliver a 5* customer service induction for all new starters , and as a rolling programme for existing staff • Implement a single source of service information for staff • Ensure updates are reliable and easy to find in systems	✓ More queries answered first time ✓ Less repeat contact which needs more resource to handle
5 Personalised advice & support	• Implement an Advice and Support service for people needing extra help • Develop / train staff to give advice on a range of services • Find the best source of help which may be a partner organisation.	✓ The right solutions offered which meet people's needs ✓ Help to prevent problems becoming bigger, having a greater impact on residents lives & being more costly to solve

✓ **Increase satisfaction with our service** ✓ **Reduce the number of complaints**
✓ **Services are more cost effective & reduced impact of budget reductions on services**

3.13 Significant work has been taken to improve the customer service performance, but volume of transactions especially telephony still outstrips resources. Key to this are customers calling with topics which could be easily undertaken online e.g.

- Report an issue – abandoned vehicles, dead animal, fly posting, graffiti, fly tipping, street cleaning.
- Assisted Waste Collection

- Bulky Waste Collection
- Report a Missed Collection
- Request a New Bin
- Clinical Collections
- Find My Polling Station
- Pre-Application Submission
- Pavement Licence Application
- Report problem with a Public Toilet

3.14 To assist with these challenges customer services are currently:

- Promoting digital self-service as the preferred choice of customers and maximise the use of the Council's online service portal.
- Changing the Council's communication marketing to promote online – e.g., removing. customer services numbers on refuse vehicles and promoting online services portal.
- Promoting online services and moving some services to online only. e.g., Garage lettings.
- Introducing a call forwarding service to enable customers to directly access online services when calling.
- Continuing to provide face to face and telephone services for those customers requiring digital assistance.

3.15 If the majority of customers can self-service this would give the Council the resources to deal with calls requiring personal or assisted delivery at level 2 and 3 as shown below in Figure 3.

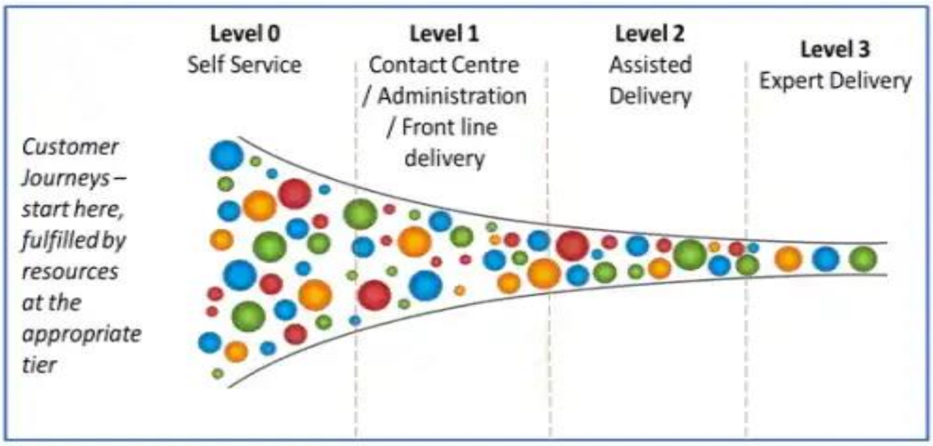


Figure 3 showing Customer Journey Pipeline

Therefore, the activities being undertaken in 3.14 will:

- Deliver customer expectations.
- Ensure the majority of type of calls in 3.13 are dealt with online by self-service, leaving high value calls to be dealt with in person by Customer Service staff.
- Deliver staff efficiencies.
- Improve the performance of the Customer Service and reduce the call answering times and abandonment rates.

3.16 Since the pandemic the number of people visiting customer services ‘in person’ has fallen from on average 78 customers a day in Q1 2019 to 7 in Q1 2023, a 90% reduction in the daily average ‘in person’ visits. The existing space is now oversized for the number of visitors and customers coming into the centre. Another costly and confusing issue for the customer is that there are two entrances to Daneshill House. With reduced numbers coming into the centre this is the right time to change our service offering as customers habits and behaviours have changed.

3.17 It is therefore proposed that the existing customer contact centre is closed and the main entrance of Daneshill House is utilised as the customer contact centre (see figure 4 below) with the corresponding back-office layout on the ground floor of the atrium to house customer service staff and specialist duty officers. Citizen Advice reception would also move across. Not only will this save money it will be a more workable space to meet customers, save costs for security, improve customer experience, and expedite customer queries. The existing drinks dispensing unit will be relocated and the TV repurposed and used for promoting Council services and providing information.

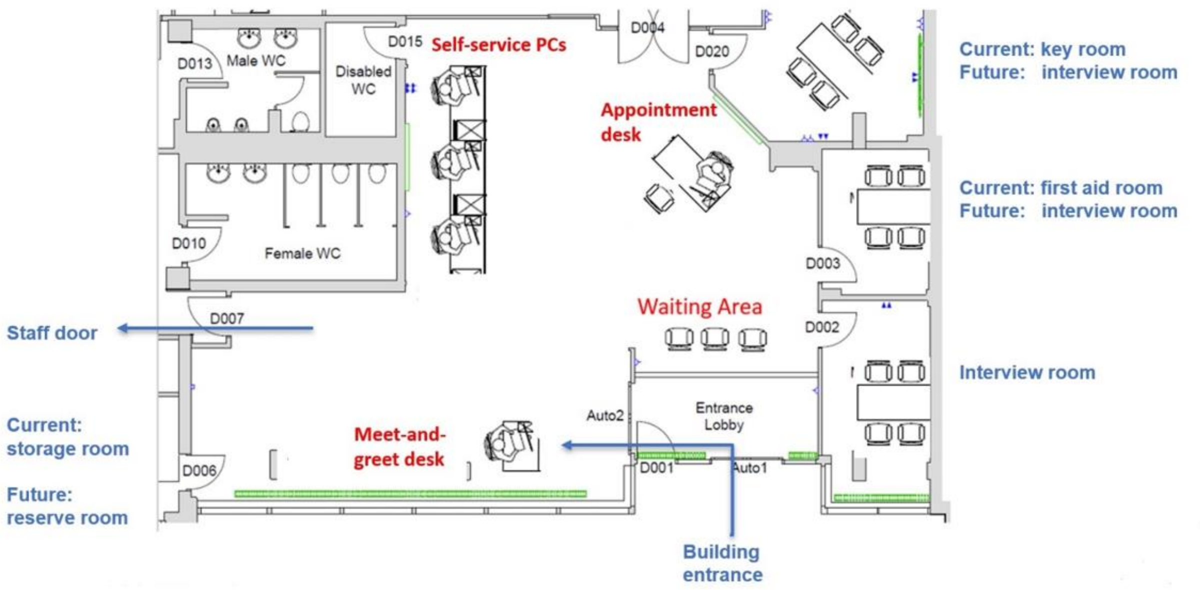


Figure 4 showing new Customer Services entrance at Daneshill House

3.18 In addition to the proposed move there is an opportunity to bring in line the Customer Services opening hours in line with neighbouring councils and reduce the need for two staffing shifts to deliver the 8am-5pm opening times. The proposed opening times will be 9am-5pm for both in person and telephones.

3.19 The combination of customers self-serving, moving to one entrance and reducing to one shift for 9am-5pm opening hours will deliver £200k of savings split between the Housing Revenue Account and the General Fund. The changes are expected to be achieved through a combination of re-aligning staff workloads and reducing the number of staff in Customer Services teams through natural attrition which will reduce the need for potential redundancies.

3.20 Space utilisation in Daneshill House

3.21 While using the ground floor atrium space, there will be an opportunity to co-locate teams, bringing together Customer Services with Duty Officers from a range of services and the whole of the Housing Repairs team. This will add value for customers with officers available in a timelier manner and promote collaborative working with colleagues. The Facilities Management team will also be located on the ground floor to facilitate easy access for contractors not having to go to the fourth floor.

3.22 By moving staff to the ground floor atrium, it will empty office floors and reduce the office space used in Daneshill House. This will enable some floors to be closed or partially closed, saving energy costs and supporting the Council’s climate change agenda and Balancing the Budget plan. It also enables services to work in line with the proposed new Civic Hub building offering being considered for 2025. The key benefits to moving and space utilisation are:

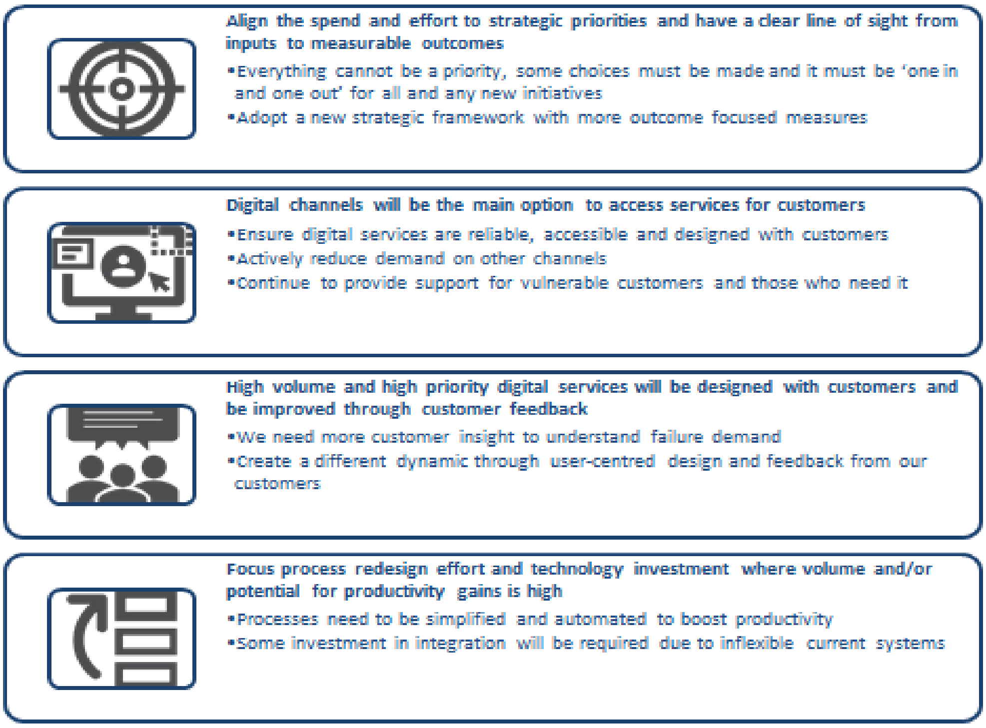
- Customers have only one entrance.
- Facilities can see contractors at the rear of building on the ground floor using a separate rear access.
- Members of public have access to Customer Servcies and key services on one floor.
- Allow SBC to test ‘civic hub’ ways of working and identify best practice.
- Encourages hybrid working.
- Bringing teams together with improved communication between key services
- Improved security.
- Enable cashable savings / income by freeing up CSC and office space.
- Savings in energy costs

3.23 Service delivery and locality model service reviews

3.24 As mentioned in paragraph 3.3 the Transformation programme has been set up to review all aspects of how the Council operates to improve efficiency, enhance productivity, and ensure its resources go further towards supporting members priorities. The principles also seek to further embed the co-operative neighbourhood model, working closely with communities to help resolve problems, maintain a visible and proactive presence, and help Council teams to work effectively together. Several activity-based service reviews have taken place to look at delivering efficient services and efficiencies and include:

- **Community Advice and Support**
- **Thriving communities (Housing services and Localities)**

3.25 As part of the activity-based analysis the transformation team and staff consider individual processes by which services are created for customers and looks at how to streamline these processes, group common ones together and spot areas of waste or inefficiency. This way each individual process can be made better so that the teams improve as a whole and at the same time deliver staffing efficiencies and savings. The foundation principles underpinning the programme are outlined below in Figure 5.



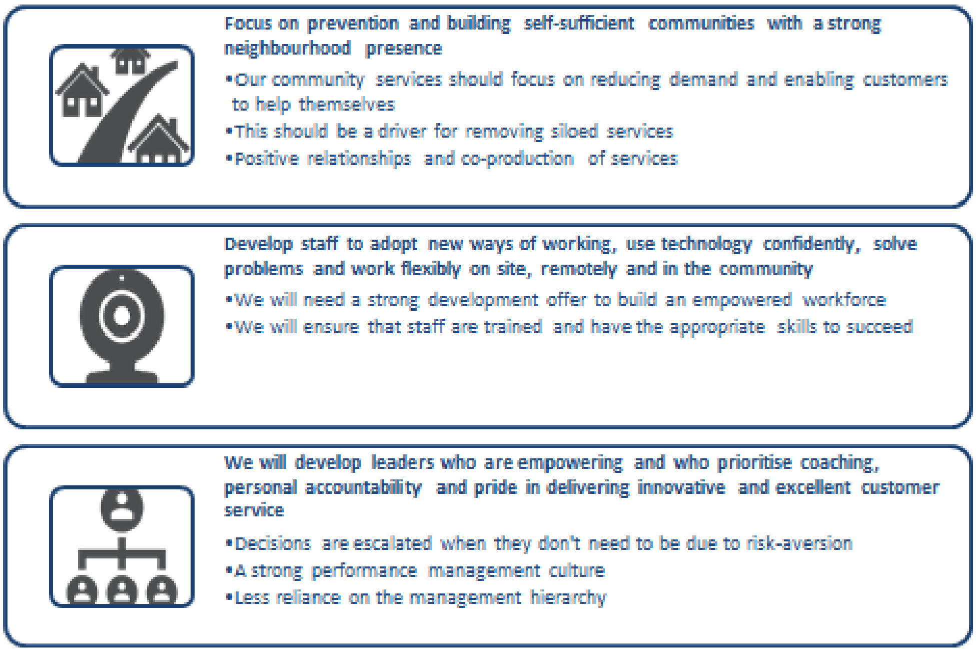
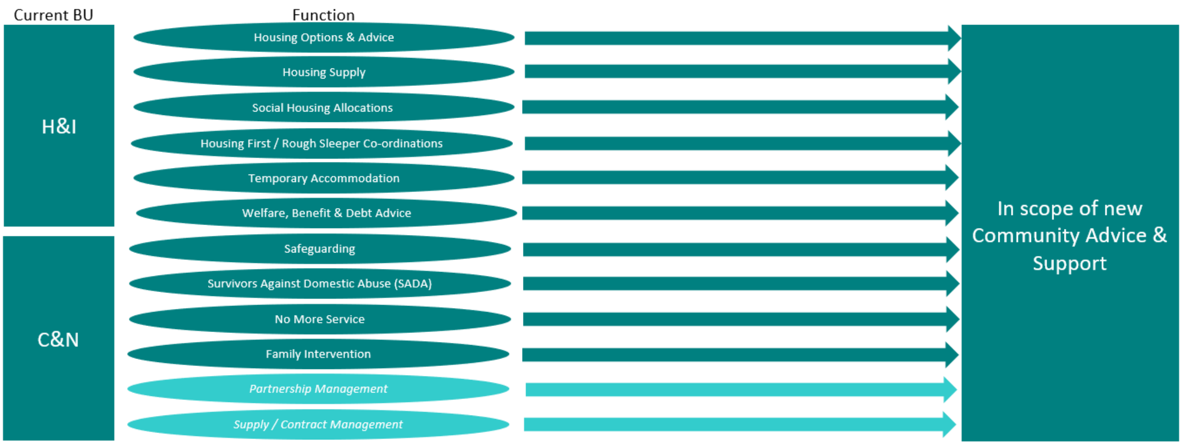


Figure 5 Foundation Principles

3.26 **Community Advice and Support** - The activity-based review of Community Advice and Support is about providing services which assist residents where they need help. The proposal recommends bringing together Community Advice and Support functions to deliver a "One Stop Shop" service area for residents that need to engage with Council officers for support and advice for wellbeing (this includes housing options and homelessness advice, domestic abuse, complex needs, and engagement with other agencies).

3.27 The project to create the Community Advice and Support team started in May 2023 with the initial phase of bringing the teams together by autumn 2023. Process and technology redesign is now underway together with a management review, both of which will inform the future team structure and resourcing to provide a 'one stop shop' service for customers who need additional advice and support, continuing the co-operative working with partner organisations and providing prompt response and action where crisis intervention is needed. Staff are directly involved in the service design.

The diagram below shows those services in scope of Community Advice & Support:



3.28 The Community Advice and Support grouping will be a Centre of Excellence, providing support focused on the person to avoid unnecessary hand-offs and referrals. This provides an opportunity to meet a wide range of support needs of individuals, and to focus on intervening early to support people before needs escalate, as well as helping people at points of crisis.

3.29 At its core will be the Council's statutory advice functions in relation to housing options, temporary accommodation, and homelessness. The functions will be supplemented by wrap-around and support functions that will be based on locally determined priorities for the town. These functions will be capable of being scaled up or scaled down depending on both need and funding (particularly external funding) available. Key customer benefits will be:

- Streamlined processes and procedures that are embedded into service delivery.
- Customers will be signposted to the advice they need.
- A team that is trained to be able to solve issues and concerns swiftly, supported by a management team that are forward thinking and knowledgeable.
- Up stream prevention activity which helps customers and reduces demand on council services.
- Clear process and pathways into services supported with specialist support plans made with customers and partner agencies.
- Team Members will be able to support the colleagues in the hub and available to talk to customers on the phone and face to face.
- Experts have the knowledge to be able to support the customer together with ongoing coaching and training.
- A dedicated advice and support team will have the knowledge to be able to support customers consistently across the services.

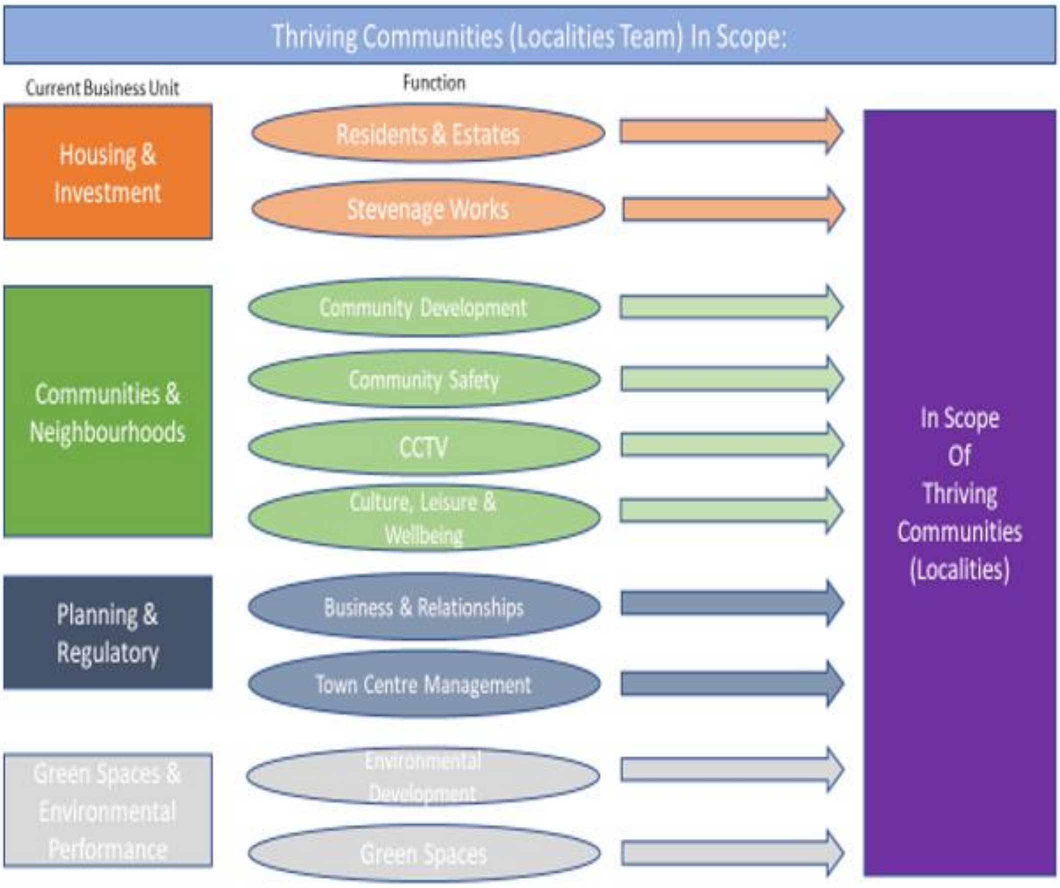
3.30 **Thriving Communities (Localities).** This activity-based review is about providing services which aim to build healthier, happier, and more engaged communities for residents by working in partnership with local people, Council officers, commercial businesses and voluntary, community and social enterprises. This approach aims to increase the level of participation from a wider cohort of people with shaping Council services and local provision, and because of improved and more effective communication channels, increases customer satisfaction with the Council as services are designed in co-production.

3.31 The Thriving Communities (Localities) grouping will further align key officers (through structural change) into front line neighbourhood delivery teams to build upon and embed the existing Co-operative Neighbourhoods working model. It will be made up of four distinct workstreams. People, Place and

Provision will become the three service delivery areas within the Localities workstream and will be further supported by a dedicated Programme Management/Business Support team.

- People: Co-operative Neighbourhoods Residents and Estates delivery team comprising of; Housing, Community Development and Environmental and Anti-Social Behaviour Enforcement functions.
- Place: Skills, Wealth Building and Economic Development, Business Relationships and Development (including Town Centre Management)
- Provision: Health and Wellbeing, Arts and Culture, and Event Management (corporate, town centre and community event advice/guidance). This may also include certain Green Spaces Development activities.
- Programme Management will provide the fourth workstream offering specific support for all Thriving Communities key delivery functions. This will include tailored business support and a new Volunteer Co-ordinator role to bring together and strategically develop and maintain volunteering opportunities across the Council whether this is for individuals or organisations already supporting the Council such as; Community Pay Back, Green Spaces Volunteers, Waste Not Want Not.

3.32 The following services are in scope :



3.33 Key customer benefits of this review will include:

- Streamlined processes and procedures that are embedded as part of the service delivery.
- Team members will be clear and honest with customers and signpost them for advice they may need.
- Streamlining of council services and functions across Co-operative Neighbourhood teams
- A team that are trained to be able to solve issues and concerns swiftly, supported by a management team that are forward thinking and knowledgeable.
- Have management team that understand the importance of resolving concerns that are raised.
- Increased residents' satisfaction by providing a 'one front door' approach for residents and customers interacting with council services.
- Co-operative Neighbourhood Officers accessible for advice and support in specific neighbourhoods and relevant forums (resident meetings, community events etc)
- More effective referrals and a 'right first time' approach.
- Improved communication and relationships between council staff and customers because of visible, interactive Co-operative Neighbourhood teams. Working directly in specific neighbourhoods

3.34 To implement the changes the initial step will be to bring teams together. Significant work and staff led design will be undertaken to deliver the proposed teams. An Assistant Director with a portfolio of housing and community based services is being advertised to lead on these services. Key factors and considerations in this decision include:

- The Council will continue to work co-operatively with Stevenage residents, community, voluntary, social enterprise organisations, local businesses and other wider delivery partners to provide a neighbourhood level-based Localities service.
- The new service will be aligned with the development of a new Strategic Housing team, Community Advice and Support service and Customer Hub to provide one front door for customers and a 'right first time' approach to delivery.
- Better customer experience by aligning front line delivery into one team, bringing together common activities, and streamlining processes.

4 IMPLICATIONS

Financial Implications

4.1 The Transformation programme activities highlighted in this report will deliver savings split between Housing Revenue Account and the General Fund and will contribute to the medium-term financial plan.

4.2 Subject to approval of the scope, budget is in place to deliver the savings required. However, it is anticipated that further business cases may be brought forward for targeted Transformation projects as required.

4.3 The Balancing the Budget 2023/24 Cooperative Corporate Plan programme is used to ensure that the Council remains financially resilient whilst striving to deliver against its service and high-level ambitions across both the General Fund and the Housing Revenue Account The key activities highlighted in this report will maintain services with less resources whilst supporting customer service and service delivery. Balancing the Budget consists of four main streams. The graphic below sets out the process for 2023/24 onwards.

Legal Implications

4.4 There are no identified direct legal implications from the recommendations contained in this report. However, officers responsible for delivering the activity set out within this report will need to consider any resulting legal implications in consultation with the Borough Solicitor.

Risk Implications

4.5 The key risks associated with the report are:

Risk description (Cause / consequence)	Mitigation
Current performance pressures in Customer Services impact on customer satisfaction and Council's capacity for change	Invest in temporary adviser resources to support Customer Services through changes and to improve performance.
Involvement of residents in the design of the future service model.	Design a programme of resident engagement to seek views on the key issues to be tackled through the programme and their priorities for transformational improvements.
Appropriate staff involvement and consultation	All Staff communications and engagement Regular staff side (unions) briefings Staff Transformation Champions programme is being developed to ensure changes are effectively communicated, staff are engaged and input into the changes Staff involvement in redesign of business processes.
If there is insufficient ICT and digital capacity or skills, opportunities to exploit technology will not be realised.	ICT Strategy in place to deliver foundation work. Additional roles appointed in Digital and Web team to support online service delivery. Business cases for additional resource to be brought forward as required. Seek third party support where appropriate.
If the focus of the Transformation programme is limited to structural change only it is unlikely to meet the desired benefit levels.	Investment in process redesign and technology improvements. Appointment of temporary Service Development Leads to ensure opportunities fully considered. Prioritisation within services to facilitate involvement in transformation projects, process redesign and assessment of opportunities.

Policy Implications

4.6 There are no specific policy implications of this report. Policies related to specific service areas may be reviewed as required and decisions taken in line with the Council's scheme of delegation.

Climate Change Implications

4.7 Moving to more digital service delivery and improving the productivity of the Council will have a positive impact on the environment and support the Council's Climate Change Strategy for example:

- Reducing the Council's and residents' reliance on paper to deliver/ access services.
- Improving efficiency in service delivery will improve efficient use of resources (travel to work, fuel for fleet etc)

Staffing and Accommodation Implications

4.8 It will be evident that there are potentially staffing implications in this report. The associated matters will be discussed with the Trade Unions at the earliest opportunity. Overall, the proposals will result in a reduced headcount as a result of efficiencies and restructures e.g. increased adoption of self-service tools, greater automation and reducing management layers. Redeployment of staff will be a priority.

4.9 The design of future structures will take into consideration the possible impacts of reduced staffing on business continuity and emergency planning.

4.10 It is aimed that by moving to bigger, cross-functional teams there will be greater day to day resilience than currently as more staff will be trained across several different areas.

4.11 Long term accommodation requirements are being considered as part of the Council's Civic Hub programme. A reduced headcount will provide greater flexibility for the Council's accommodation strategy, although this needs to be balanced against requirements of other programmes/ strategies which may see growth (e.g., Commercial). Considerations will be given to the space requirements for example more staff may need to be co-located together to support the new Service Delivery model.

Human Resources Implications

4.12 A significant proportion of Council spend is on staffing and the Transformation programme will result in a headcount reduction over time. 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. The Council's digital offering to customers will deliver efficiencies and reduced head count through natural attrition.

4.13 Where structural change may be needed, this will be managed in accordance with the Council's Organisational Change Policy. Our established approach is to work close with Trade Unions and staff, to plan, reduce disruption where possible, to look at suitable options for opportunities such as retraining where colleagues are impacted by change. Redeployment of staff will be a priority.

4.14 Future proposals will be subject to consultation with affected staff.

4.15 All staffing relating proposals that come forward will have an associated workforce EqIA undertaken.

Equalities and Diversity Implications

4.16 The Council has committed itself to providing high quality services that are relevant to the needs and responsive to the views of all sections of the local community, irrespective of their race, gender, disability, culture, religion, age, sexual orientation, or marital status. The General Equality Duty (Section 149 of the Equality Act 2010) requires the Council to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations in the exercise of its functions. The Equality Duty and the impact of decisions on people with protected characteristics must be considered by decision makers before making relevant decisions, including budget savings.

4.17 Overall, there are no identified areas of discrimination for most characteristics. Under the Digital First approach, alternative options will remain available for those who require support in person or over the phone. The addition of new ways to access services online is likely to have positive impacts for those with some types of disability.

4.18 Equalities impact assessments for further specific changes yet to be fully scoped, will be delivered in parallel with project plans/ business cases.

4.19 The process used to develop the Council's budget has been designed to ensure appropriate measures are in place to ensure the impact of decisions on the community is considered as part of the decision-making process. It is officers' view that undertaking an Equalities Impact Assessment (EqIAs) on the strategy is not appropriate at this stage. EqIAs will be done on individual savings proposals (when relevant) at an early stage in the budget savings process to aid decision makers in their consideration of the Equality Duty. This work is being planned into the budget setting process.

Service Delivery Implications

4.20 The report outlines a redesign of the way Council services are delivered. The proposals are intended to strengthen the current offer and build in additional resilience into service delivery teams. The programme aims to protect service delivery by ensuring that efficiency improvements have been implemented before any headcount reduction is made.

Information Technology Implications

4.21 A shared ICT Partnership Strategy is in place with an associated delivery programme. The strategy was reviewed by the partnership in early 2022 and considered fit for purpose to meet the requirements of SBC’s transformation programme.

4.22 Delivery of the ICT Strategy programme will enable further transformation by providing stable foundations for technology.

4.23 Key systems have been procured and implemented which will enable the transformation programme including Microsoft 365, a Digital Platform, website, and Robotic Process Automation tools.

4.24 Further business cases for system improvements may be brought forward in due course.

BACKGROUND DOCUMENTS

All documents that have been used in compiling this report, that may be available to the public, i.e., they do not contain exempt information, should be listed here:

BD1 October Executive report 2022

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Part I – Release to Press

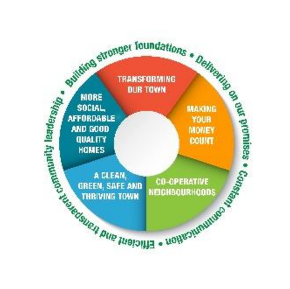
Stevenage BOROUGH COUNCIL

Agenda item: ##

Meeting Executive

Portfolio Area All

Date 20 September 2023



CORPORATE PERFORMANCE QUARTER ONE 2023/24

KEY DECISION

Authors Sally Norman
Suzanne Brightwell
Charlie Smith

Contributor Strategic Leadership Team

Lead Officers Matt Partridge | 2456
Richard Protheroe | 2938

Contact Officer Richard Protheroe | 2938

1 PURPOSE

1.1 To highlight the Council’s performance across key priorities and Future Town Future Council (FTFC) projects for Quarter (Qtr.) 1 2023/24 and provide an update on progress against the suite Community Measures, the Cost-of-Living Action Plan and current strategic risks.

1.2 For Members information, a presentation will be provided at the Executive meeting which will cover updates in relation to delivery against FTFC Corporate Plan Priorities and the key themes emerging from the Qtr. 1 performance data.

2 RECOMMENDATIONS

2.1 That the service performance against 35 corporate performance measures and delivery of key milestones in Qtr. 1 2023/24 through the Future Town Future Council Programme (Appendix A) be noted.

2.2 That the Council's performance as demonstrated through the 13 Community Measures (Appendix B) be noted.

2.3 That the performance challenges in relation to homelessness preventions, number of homes provided, and voids (section 4.2) be noted, and the planned measures to improve performance be endorsed.

2.4 That the strategic risk updates (section 6) be noted.

3 BACKGROUND

3.1 In July 2023, the Executive agreed to the continuation of the strategic priorities of the Future Town Future Council (FTFC) Corporate Plan for another year. To ensure that the Council's approach to performance management in 2023/24 remains representative of existing and future programmes of work, the corporate performance suite was also updated to reflect resident priorities and new regulatory and legislative housing requirements.

3.2 The Council's approach to performance management indicates a clear link between performance and the strategic objectives in the FTFC Corporate Plan. By aligning performance measures and milestones under the 5 strategic priorities a 'golden thread' linking what the Council delivers, to the fulfilment of its strategic outcomes can be clearly seen. By taking this approach, the Council is seeking to simplify and streamline how performance monitoring and progress is communicated to Members and residents.

3.3 In addition, to ensure that the Council's continued significant investment (£24.6 million) in its social housing stock in 2023/24 is clear, in July 2023 the Executive agreed to amend the FTFC priority of 'More Social and Affordable Housing' to include a focus on the provision of good quality homes. Therefore, the strategic priority of 'More Social and Affordable Housing' has been amended to include 'Good Quality' (see Figure 1).

Fig 1.

3.4 The new Corporate Performance Suite for 2023/24 contains 35 measures which are aligned with the 5 FTFC strategic priorities. The 35 measures are complemented by 64 statutory and local measures which will be managed internally and overseen by the Strategic Leadership Team.

3.5 The Council's streamlined approach to performance management and monitoring allows the organisation to proactively identify issues and challenges and ensure prompt management intervention. The fluid nature of the framework enables the Senior Leadership Team to proactively adapt service delivery models, where necessary, and support and drive forward additional improvements in services when required.

3.6 There are 17 new baseline measures included in the corporate performance suite. The majority of these reflect the increased regulation and focus on housing compliance in 2023/24. These measures will provide a starting point from which to assess and compare performance in future. The remaining 18 measures are relevant to the Council's focus on what matters to residents and progress against the FTFC objectives.

3.7 Within the suite of measures, there are 13 'Community Measures', which focus specifically on 4 themes: climate change; anti-social behaviour; provision and maintenance of homes; and delivery of good local services. The 4 themes have been identified in response to analysis of resident engagement and tenants' surveys between 2021 and 2023 and seek to highlight what really matters to residents. The survey analysis is presented alongside the Qtr 1 performance in Appendix B. Progress against the Community Measure themes will be shared with residents through the delivery of engaging social media campaigns throughout the year.

3.8 In-line with the General Fund Medium Term Financial Strategy update presented to the Executive in September, the 'Making Your Money Count' strategic priority will be amended to 'Balancing the Budget' from Qtr 2. All supporting performance documents and the corporate performance system will be updated accordingly.

4 REASONS FOR RECOMMENDED ACTIONS AND OTHER OPTIONS

4.1 QUARTER ONE CORPORATE PERFORMANCE

4.1.1 As outlined in section 3, the corporate performance suite has been aligned with the five FTFC priorities set out in Figure 1. In addition, in 2023/24 progress against performance measures will be presented alongside key programme milestones. By taking this mixed-method approach, the Council will be able to present a holistic overview of performance activity. This will help communicate to residents that the Council is on track to deliver key projects, programmes and service improvements associated with FTFC, as well as demonstrating performance against key service delivery targets.

4.1.2 Key highlights from the FTFC programmes are summarised in section 4.2. For further information on the aims and objectives of the FTFC programme in 2023/24 please refer to FTFC Plan on a Page, which was presented to the Executive in July 2023 as Appendix B of the Quarter Four Corporate Performance Executive report: [Future Town Future Council Summary (stevenage.gov.uk).]

4.1.1 The total number of measures by Red, Amber & Green (RAG) rating is shown in Figure 2 below. For the purposes of this report only commentary for Red Status measures is provided. The full set of current corporate performance measures results and FTFC milestones are attached at Appendix A.

FTFC Programme	Baseline measure for 2023-24	Meeting or exceeding target	Amber Status (Within a manageable tolerance)	Red Status (Urgent improvement action required)	Unavailable Data	Milestones Reported Qtr. 1
More Social Affordable and Good Quality Homes (19 measures)	8	7	1	3	0	4
Transforming Our Town (0 measures)	The primary focus of this strategic priority is FTFC programme delivery. Performance is monitored through delivery of project milestones. Please see section 4.2.					11
Co-operative Neighbourhoods (3 measures)	3	-	-	-	0	3
A Clean, Green, Safe and Thriving Town (7 measures)	5	1	0	0	1	14
Making Your Money Count (6 measures)	1	4	1	0	0	2
TOTAL (35)	**17**	**12**	**2**	**3**	**1**	**34**

Fig 2.

4.1.2 At the time of writing, there is one indicator for household waste that cannot be reported in Qtr. 1. This is because this measure is via an external source and can only be provided in arrears.

4.1.3 Two measures, which were due to be reported in Qtr. 1 (RV1: The time take (days) to repair major voids and RV2: The time taken to repair standard voids) cannot be provided due to the existing backlog of voids impacting the overall accuracy of the performance picture. In response, the Council has introduced a new measure (RV3: Number of Voids returned by Contractor), which will inform understanding of the Council's ability to clear the Voids backlog, specifically the number of voids provided to the contractor compared to the number of voids returned. This measure will be supplemented from the end of September with the introduction of indicators monitoring contractor void turnaround within 5, 10 and 15 days. For further information please see section 4.4.5 of this report.

4.2 FTFC PERFORMANCE HIGHLIGHTS

4.2.1 All programmes have made progress on the projects agreed at the Executive in July 2023, with particular highlights including:

- Work started on the Burwell Road site - the previously approved application for Burwell Road was initially only for five affordable homes and this was increased to 20 affordable homes in July 2023
- The newly approved planning application for the former garage site at Brent Court was shared with Executive on 18 July for a new state-of-the-art independent living scheme, which will provide an opportunity for older residents within the local area of Stevenage, to downsize to high-quality supported housing. This, in turn, will free up much-needed 2, 3 and 4-bed council properties for families in housing need
- The Arts & Heritage Trail has been scoped, looking at both the status of the existing cycleways as well as the stops and artwork along the trail. Further engagement with the public and key stakeholders will take place
- Morgan Sindall were appointed to deliver the Sport & Leisure Hub design and the design period is underway. This will be reported to the Leisure Programme Board, chaired by the Portfolio Holder for Culture, Leisure and Information Technology
- The forward plan of Co-operative Neighbourhood walkabouts was completed and workshops for all 6 Co-operative Neighbourhood areas developed
- Analysis of 2022/23 engagement data from residents, using the Proptech Digital tool, was completed and has highlighted 5,807 prioritised themes down to ward level. The information was shared with Executive Members at an Informal Executive meeting and this will inform future decision making, including the scope of the future new Corporate Plan
- The Marshgate Biotech Construction is complete and Autolus HQ held an opening ceremony in May
- Shephalbury Park Tennis Courts were launched at the end of April and a successful open day with the Mayor was held in May
- The Young People’s Healthy Hub (YPHH) has seen an 125% increase in accounts with a 6.4% increase in accounts on the YPHH Instagram page
- The Stevenage Walking Festival took place in May with 351 walkers taking part. A family trail also took place with 92 families taking part

4.2.2 Service performance highlights for Qtr. 1 include:

- Over 85% of Council services non-housing complaints were responded to within deadline (target 75%)
- 88% of customers accessing the Customer Service Centre (CSC) were satisfied with the service
- There has been a 6% increase in payments made via the Council’s website compared to Qtr. 1 2022/23
- 1,700 residents took part in local engagement activities as part of the Communities and Neighbourhoods programme of work to improve understanding of residents’ views on neighbourhood activities

4.2.3 Further details on the projects included in the FTFC programmes and corporate highlights can be found in Appendix A.

4.3 COMMUNITY MEASURE HIGHLIGHTS

4.3.1 As mentioned in section 3.6, in July 2023 the Executive agreed to a focus on resident priorities as expressed through 13 'Community Measures', specifically: anti-social behaviour; climate change; provision and maintenance of homes; and delivery of good local services. The Novoville/Proptech (2022/23), Resident Survey (2021) and Tenants Survey (2021) analysis has been provided alongside the Qtr. 1 data to help provide context (see Appendix B).

4.3.2 The 'Key Facts' section of Appendix B will be updated each quarter to provide Members and Residents with a clear oversight of performance in the areas that matter to them most. The intention is that these short statements will inform discussion and help drive improvement in these areas. Progress in these areas will then be shared more widely through engaging social media campaigns and promotion through the Council website and the Chronicle magazine.

4.3.3 Community Measure performance highlights for Qtr. 1 include:

Anti-Social Behaviour

- **There has been a 18.6% decrease in ASB cases** when comparing Qtr 1 in 2023/24 with the same period last year. This decrease is in response to the strong joint working between the Council and partners as part of the SoSafe Partnership, specifically the proactive policing evidenced through initiatives such as 'Clear, Hold, Build' (most recently seen in Fishers Green)
- **There has been a decrease in the number of fly-tipping cases** when comparing to the same period last year (84 down to 82). In 2022/23, 35% of residents indicated that maintenance and appeal of local areas (e.g., littering & cleanliness, pathways & pavements etc) was a priority

Climate Change

- In 2022/23, 21.4% of residents indicated that climate change investments were a priority. In Qtr 1, **55% of Housing Stock had an EPC rating of C or above**. To ensure that the Council meets the national average of 57% of social housing stock, it is working with SAVA (Software Development Company) to help ensure that the Council has the most accurate presentation of stock status. This will also help the Council identify additional works that would inform understanding of social housing stock decarbonisation opportunities.

Provision and Maintenance of Homes

- The Council has provided **339 new homes since 2014 with a target of 394 in place for Qtr 2**. This proactive approach to building new homes is underpinned by the Council's ability to turnaround planning applications within timescale targets. The Council continues to demonstrate good performance in this area.
  - **80% of major planning applications determined within 13 weeks**
  - **100% of minor applications determined within 8 weeks**
  - **98.3% of other applications determined within 8 weeks**

- In 2021, two thirds (65%) of tenants reported that they were satisfied with the overall quality of the home, this represented a drop from three-quarters (74%) in 2018. Since then, the Council has sought to maintain a high percentage of homes that meet the national minimum Decent Homes standard. In Qtr 1 **82.44% of Council homes fulfilled the national DH standard.**

Good Local Services

- In 2021, More residents placed these areas in their top three priorities than in 2017:
    - 'Good local shops and facilities in neighbourhood areas'
    - 'Good sports & leisure facilities as well as activities to support health & wellbeing'
    - 'Activities and support for children and younger people'
- Under its new leisure arrangement with Everyone Active, the Council is keen to see young people participating in outreach programmes. In Qtr 1, **22,139 children used Everyone Active facilities and participated in programmes.**
- In 2022/23, 21.4% of residents indicated that access to Services (e.g., Council house maintenance, customer services, waste collection etc) was of importance. In Qtr 1 **99.45% of bins were collected.**

4.4 PERFORMANCE MEASURES – AREAS FOR IMPROVEMENT

4.4.1 As highlighted in Figure 2, there are three areas identified for improvement. Figure 3 below outlines the actual performance and the target that was set for the performance measure. The paragraphs that follow set out the reasons why performance has been below expectation and the activities in place to reach target for Qtr. 2.

MEASURE NAME	**BUSINESS UNIT**	**Actual – Quarter 2 2022/23 YTD**	**Actual – Quarter 3 2022/23 YTD**	**Actual – Quarter 4 2022/23 YTD**	**Actual – Quarter 1 2023/24 YTD**	**Target – Quarter 1 2023/24 YTD**
More Social, Affordable and Good Quality Homes						
BV213: Homelessness Preventions	Providing Homes	120	191	242	27	50
HDD1e: Number of affordable homes delivered (gross) by the Council (since 2014)	Housing Development	37	5	1	3	29
RV3: Number of Voids returned by Contractor					104	150

Fig.3

BV213: Homelessness Preventions

4.4.2 BV213 measures the number of cases where the Council has been able to prevent a main housing duty being owed. This includes all cases within the prevention and relief duty stages. The target of 50 preventions was not met in Qtr. 1. This outcome can be linked to an 11.7% increase in the number of residents seeking homelessness advice compared to Qtr 1 last year, in addition, further staff vacancies have meant that the Team were unable to quickly respond to the increased volume in cases. The complexity of cases (e.g., domestic abuse and mental health issues) and a change in housing management systems (move from Northgate to Jigsaw) have also had an impact on the ability to meet target.

4.4.3 To improve the position, a period of recruitment has taken place and all vacancies will be filled by the 1 August. Training on the new system has been rolled-out to staff and the team are already reporting benefits, including improved workstream efficiencies. The introduction of new system efficiencies will ensure that Senior Officers are able to effectively triage the homelessness prevention workload and undertake more complex casework.

HDD1e: Number of affordable homes delivered (gross) by the Council (since 2014)

4.4.4 The scheme at Helston House in Symonds Green, which is a total of 29 new homes, has been delayed pending highway works by Hertfordshire County Council. These works have now taken place and an 8-week notice has been issued. Handover is therefore now forecast for Qtr. 2 delivery, meaning performance will be back on schedule.

RV3: Number of Voids returned by Contractor

4.4.5 In order to provide insight into voids backlog performance, it has been necessary to introduce a new corporate measure which monitors the number of voids given to the Contractor and compares this to the number of voids returned. In June 2023, the decision was taken to freeze the voids programme for a period of time to allow the Council to renegotiate more competitive contract rates. The negotiations have now been successfully completed and the voids programme was remobilised in Q2. The Contractor will continue to scale up the programme during September by bring in additional resources through its existing and new supply chains, with the objective to clear the current backlog during quarter 3.

4.5 COST OF LIVING

4.5.1 The Cost-of-Living (CoL) Action Plan for Stevenage was approved by the Executive in October 2022. The plan sets out how the Council and its partners would respond to the cost-of-living crisis, and seek to mitigate the potential impacts on residents, businesses, Council employees and Council finances. This included the implementation of 15 Warm Spaces, the launch and maintenance of the CoL Website Hub, local events to support local businesses, and grant funding to local voluntary sector groups to help the most vulnerable.

4.5.2 The activities delivered through the Action Plan have been mainstreamed into service delivery across the Council and with partners. This recognises there is a significant amount of “business as usual” activity for the Council and partners that is specifically targeted at supporting people facing financial, housing and other difficulties. This approach also recognises that the crisis will continue for some time, impacting people in different ways at different times.

4.5.3 A key outcome of the Action Plan has been the co-ordination of Council and partner services, ensuring that meaningful information, advice, and guidance can be shared with local residents in a timely manner. Support initiatives are widely promoted on the Council's website with dedicated pages covering Stevenage Warm Spaces Network (launched in November 2022), as well as links to partners websites, food bank provision, benefit guidance and a summary of the Government funding available to residents, local businesses and community groups. The information is also promoted via community noticeboards, direct mail, the Chronicle magazine and through community centre partners, recognising that not all residents have digital means to access information.

4.5.4 The Income Services team along with the help of Managing Homes recently carried out a Tenants Wellbeing day. The theme of the event was to capture those tenants who are affected by the benefit cap and/or under occupying. 104 tenants received a letter, and 67 audits were completed. 12 referrals were made for downsizing and 11 referrals were made for financial assistance. Financial help has also been issued to 108 tenants totalling £13,150 from the Household Support Fund. Officers are currently sourcing additional funding from the Household Support Fund for this financial year.

4.5.5 The Community Kitchen programme is beginning to be delivered across Stevenage in partnership with Stevenage Football Foundation. The programme is designed for families with children aged 5-12, to learn how to cook healthy, simple meals without breaking the bank and spend time together as a family. The 90-minute sessions will be held online or in local school venues and will be led by a culinary tutor who will take families through all aspects of preparing meals. The food and recipes will be provided, and different educational topics will be covered each week. Additional support will also be provided around managing food budgets, food hygiene and leading a healthy active lifestyle and the face-to-face sessions will give people a chance to meet families in their neighbourhoods. This programme will be delivered over the next 10 months.

4.6 STRATEGIC RISK

4.6.1 The strategic risks set out in section 4.6.5 were considered by Corporate Risk Group on 31 July 2023, agreed by the Senior Leadership Team on 8 August 2023 and noted by Audit Committee at its meeting on 6 September 2023.

4.6.2 The Audit Committee receives a detailed Strategic Risk Report each quarter. The report to Audit Committee considers the actions which have been identified to mitigate each of the identified risks and the progress of those actions identifying whether actions are on track. Changes to the way risk is managed at the Council are also highlighted and considered by the Audit Committee. Where the Committee raises specific concerns about the risks or the process for managing them, these are highlighted to Executive within this quarterly report.

4.6.3 A risk is a future event which has the potential to impact on the Council's ability to deliver services, projects and achieve its ambitions. By being alert to and putting in place mechanisms to manage both the risks and opportunities effectively, the Council is in a better position to continue to deliver services, remain viable, continue to innovate and use resources more efficiently. Some risks will always exist and will never be eliminated.

4.6.4 Each risk is measured in terms of a combination of the likelihood of a perceived threat or the opportunity occurring and the magnitude of its impact on the Council's objectives. The table below outlines both the inherent and residual risk scores. Inherent risk is the risk present in any scenario where no attempts at mitigation have been made and no controls or other measures have been applied to reduce the risk from initial levels to levels more acceptable to the Council. Residual risk is the risk remaining after efforts have been made to reduce the inherent risk.

4.6.5 The following summarises the strategic risks which are monitored and updated through Audit Committee:

- General Fund Asset Management
- Building Management
- Building Safety/Fire Safety Act
- Staff Capacity to deliver services
- Commercialisation
- Contract Management
- Council Housebuilding and Acquisitions Programme
- Covid-19/Flu/Pandemic
- Fraud
- IT Resilience and Cyber Security
- Health & Safety
- Housing Revenue Account Business Plan
- Information Governance
- Leisure Provision
- Balancing the Budget (Medium & Long Term)
- Regeneration/Capital Funding
- Regeneration Delay
- Repairs and Maintenance
- Social Housing Regulation Bill
- Socio Economic Impacts
- Transformation

Highlighted Risks

4.6.6 There were no changes to any risk scores this quarter. Work continues to progress the actions to mitigate high and very high risks. For further information on the mitigations in place please contact the Policy & Performance Team at policy@stevenage.gov.uk.

5 IMPLICATIONS

5.1 Financial Implications

There are no direct financial implications from the recommendations contained in this report. However, officers responsible for delivering the priorities over the coming year and implementing any improvement activity set out within this report will need to identify and consider any resulting financial implications.

5.2 Legal Implications

There are no direct legal implications from the recommendations contained in this report. However, officers responsible for delivering the priorities over the coming year and implementing any improvement activity set out within this report will need to identify and consider any resulting legal implications.

5.3 Equalities and Diversity Implications

There are no direct equality, diversity and inclusion implications arising from this report. Where required, Equality Impact Assessments will be completed for programmes, projects, service changes and improvement activity identified.

5.4 Risk Implications

There are no direct significant risks to the Council in agreeing the recommendation(s). However, officers responsible for implementing any improvement activity set out within this report will need to consider any risk implications that arise.

The Council has an embedded approach to risk management that mitigates any adverse effect on delivery of the Council's objectives and internal control processes and also provides good governance assurance.

5.5 Climate Change Implications

The Council declared a climate change emergency in June 2019 with a resolution to work towards a target of achieving net zero emissions by 2030. There are no direct climate change implications arising from this report, with the exception of those activities that seek to have a positive impact in this area, and the officers responsible for delivering the improvements will need to identify and address any climate change considerations in the implementation of activities

5.6 Other Corporate implications

Implementing the priorities and improvement activity outlined in this report may impact on the development of future policy or procedure, which will be monitored through the formal policy/procedure sign-off process via the Senior Leadership Team (SLT).

6 BACKGROUND DOCUMENTS

- Strategic Risk Register (Part II)
- FTFC Plan on a Page
- Corporate Performance for Quarter 4 22/23

7 APPENDICES

- Appendix A: Compendium of Performance Results Quarter One 23/24
- Appendix B: Community Measures Suite 23/24

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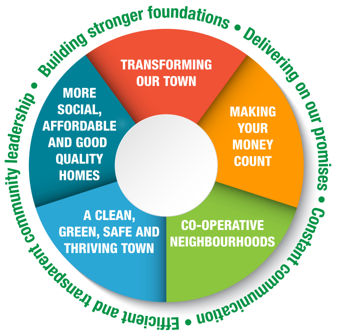
Corporate Performance Report 2023/24

Quarter 1 (April, May, June)



Key to Performance Status Symbols

- **Red** - Focus of Improvement
- **Amber** - Initial Improvement Activity Identified
- **Green** - Achieving Target
- **Pink** - Baseline Measure

Key to Milestone Status Symbols

- Will slip more than 1 quarter
- Slipped but to be completed within next quarter
- Completed within the quarter
- Completed previously

	More Social, Affordable and Good Quality Homes							
	Actual - Quarter 1 2022/23 YTD	Actual - Quarter 2 2022/23 YTD	Actual - Quarter 3 2022/23 YTD	Actual - Quarter 4 2022/23 YTD	Actual - Quarter 1 2023/24 YTD	Target Quarter1 2023/4 YTD	Target - Quarter 2 2023/24 YTD	Comments
BV213: Homelessness preventions	67.00	120.00	191.00	242.00	27.00	50.00	100.00	30/06/2023 As experienced with previous months we have faced poor availability of private rented sector units, and affordability issues due to the cost of living crisis, which has made preventative work challenging. We have again experienced further staff departures; subsequently impacting the workload of the team. Albeit we have successfully recruited to all vacant posts, with the last staff member due to start 01/08/2023. Demand remains high and we continue to experience the complexity of the issues faced by presenting clients to be challenging, with an increase in those fleeing Domestic Abuse and those with complex mental health issues. In April 2023 we switched our use of housing management systems from Northgate to Jigsaw. We have experienced a few teething issues with the new system, however following training the team have already noticed a benefit from the change. In addition this will provide myself & the seniors the ability to further monitor cases and the casework completed by the Housing Options team.
HDD1d: Number of affordable homes delivered (gross) by the Council (since 2014)	293.00	330.00	335.00	336.00	339.00	366.00	394.00	

	More Social, Affordable and Good Quality Homes							
	Actual - Quarter 1 2022/23 YTD	Actual - Quarter 2 2022/23 YTD	Actual - Quarter 3 2022/23 YTD	Actual - Quarter 4 2022/23 YTD	Actual - Quarter 1 2023/24 YTD	Target Quarter1 2023/4 YTD	Target - Quarter 2 2023/24 YTD	Comments
HDD1e: Number of affordable homes delivered by the Council (current quarter)	7.00	37.00	5.00	1.00	3.00	29.00	28.00	30/06/2023 The scheme at Helston House in Symonds Green which is a total of 29 new homes has been delayed pending works in the highway by Herts County Council. These have now taken place following a significant period of delay and an 8 week notice has been issued. Handover is therefore now forecast for Q2 delivery meaning performance will be back on schedule by Q2
HDD1f: Number of private homes provided					0.00	0.00	33.00	
Let1: Number of days to let a General Needs property from ready to let					24.00			30/06/2023 This is a new baseline measure and the data captured for 23/24 will be used to inform the letting targets for 24/25. This will be underpinned by work to streamline housing processes in response to the Housing Consultancy review. In addition, some of the properties are not particularly desirable for tenants and so these tend to sit empty for longer, this delay can also be exacerbated if the property is subject to a Local Lettings Plan and cannot be let to particular groups e.g. families with young children living in high-rise flats above a certain level.
Let2: Number of days to let an Independent Living property from ready to let					56.50			30/06/2023 This is a new baseline measure and the data captured for 23/24 will be used to inform the letting targets for 24/25. For info - due to the more complex requirements of the tenants, there is often a longer lead-in time and delays when moving into or out of a Independent Living property (in comparison to a General Needs property). Some tenants transferring may be downsizing from a 2-to-3-bedroom home and will require additional support from the service, family and friends. The Team are actively involved in supporting tenants to try and reduce this figure. In addition, the Independent living team also let a number of hard to let properties (studios and converted studios). Which pushes the average number up. In Qtr 1 the team had 8 transfer moves, 4 of these moves used the contracted removals service which also pushes the average up and returned the below to General Needs stock. 1bed properties- 5 2bed properties- 1 3 bed properties- 2
RP01a: Percentage of homes maintained as decent against national minimum DH standard	78.81%	80.18%	80.07%	78.74%	82.44%	84.72%	88.16%	
RSH BS01: Percentage of dwellings with a valid gas certificate	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
RSH BS02: Percentage of dwellings with a valid Fire Risk Assessment	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	

	More Social, Affordable and Good Quality Homes							
	Actual - Quarter 1 2022/23 YTD	Actual - Quarter 2 2022/23 YTD	Actual - Quarter 3 2022/23 YTD	Actual - Quarter 4 2022/23 YTD	Actual - Quarter 1 2023/24 YTD	Target Quarter1 2023/4 YTD	Target - Quarter 2 2023/24 YTD	Comments
RSH BS03: Percentage of properties that require an annual asbestos inspection / survey	n/r	n/r	n/r	n/r	100.00%	100.00%	100.00%	
RSH BS04: Percentage of sites with valid legionella inspections certificate	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
RSH BS05: Percentage of domestic passenger lifts with an in date LOLER inspection	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
RSH CH01 (part 2): Number of stage two complaints made by tenants					25			30/06/2023 Fewer than 8% of housing complaints this quarter were at stage 2, indicating that services are successfully resolving the majority of issues at the first stage of complaints handling.
RSH CH01 (part1): Number of stage one complaints made by tenants					300			30/06/2023 Comparative data from Housemark indicates an increase in complaints across the sector with a doubling of the complaints median average in 9 months (28.4 in Qtr 2 last year compared with 48.48 in Qtr 1 this year). This increase coincides with a significant Government campaign called 'Make Things Right' which encouraged tenants to make complaints to their landlords. Further analysis of the data set indicates that whilst volumes have been increasing across the sector, the Stevenage to Median ratio has dropped from 10 times the average to 3.5 times the average. There are several reasons for this, but a few of the most important are that the new system massively helps to reduce duplicate reporting of complaints, and the updated policy and underpinning processes mean the Council is better at differentiating between service requests and complaints. This means that CSC are able to triage complaints more quickly, which improves our ability to respond proactively and provide a solution.
RSH CH02 (part1): Number of stage one complaints made by tenants and responded to within CH timescal					203			30/06/2023 Performance has been varied across the housing services. Repairs has particularly struggled after a strong Q4, with only 43% of stage 1 complaints resolved on time this quarter, and this has partly been driven by volumes of complaints. The performance in other parts of housing combined was 80%.
RSH CH02 (part2): Number of stage two complaints made by tenants and responded to within the CH time					11			30/06/2023 Just over half of stage 2 housing complaints are related to Repairs, and the performance issues in this service this quarter have lead to the overall poor performance for this measure.

	More Social, Affordable and Good Quality Homes							
	Actual - Quarter 1 2022/23 YTD	Actual - Quarter 2 2022/23 YTD	Actual - Quarter 3 2022/23 YTD	Actual - Quarter 4 2022/23 YTD	Actual - Quarter 1 2023/24 YTD	Target Quarter1 2023/4 YTD	Target - Quarter 2 2023/24 YTD	Comments
RSH Rep1: Percentage of emergency responsive repairs completed within target timescale					95%			30/06/2023 This is a new baseline measure which will be reported to the Regulator of Social Housing and as such no targets have been set. The intention is that this years data will provide a starting point from which to measure performance in future. For information the best practice benchmark used by other LAs for this measure is between 95 to 98%. To provide additional context, the number of emergency repairs completed in Qtr 1 within timescale was 430. This is a significant improvement on Qtr 1 in 2022/23, where 350 emergency repairs were completed in the same period.
RSH Rep2: Percentage of non-emergency (Routine and Urgent) responsive repairs completed within targe					75%			30/06/2023 This is a new baseline measure which will be reported to the Regulator of Social Housing and as such no targets have been set. This years data will provide a starting point from which to measure performance in future. For information the best practice benchmark used by other LAs for this measure is 90%+. Work is underway to improve the processes that inform the throughput of repair work and this is being picked up as part of the Housing Consultancy Review work. To provide additional context, it is important to mention that the number of non-emergency (routine and urgent) repairs completed in Qtr 1 within timescale was 4,345. This is a significant improvement on Qtr 1 in 2022/23, where 3,281 non-emergency repairs were completed in the same period.
RV3: Number of Voids returned by Contractor					104	150	150	30/06/2023 In June 2023, the decision was taken to freeze the voids programme for emergency works to allow the Council to renegotiate a more competitive contract. This has now been completed. In addition, the Contractor is in the process of increasing the number of operatives working on voids and the impact of this is anticipated to see an uplift in properties returned in Qtr 3. See the Executive Qtr 1 Report for future projections.

	Performance	Comments
Brent Court Garages - Planning Decision		The scheme is scheduled to be considered by the Planning Committee on the 18th of July.
Burwell Road Phase 2 - Start on site		Start on site has occurred.
Cartref - Consultation and Planning Application		Further enhancements to the designs have been taken place to maximise the land opportunity. Consultation is now forecast to take place in Q2.
Ellis Avenue - Consultation and Planning Application		Further enhancements to the designs have been taken place to maximise the land opportunity. Consultation is now forecast to take place in Q2.

Transforming Our Town

	Performance	Comments
Arts & Heritage Trail - Finalise scope		A full audit of the current trail has taken place, looking at both the status of the existing cycleways as well as the stops/artwork on route. Further engagement to follow.
Leisure Box & Theatre - Options appraisal draft		The team continue to work on the options appraisal report.
Marshgate Biotech - Construction complete		The Autolus HQ held an ongoing ceremony in May 2023. Works are ongoing on the public realm element.
Museum Audience Development Plan - Scope		Early engagement has taken place through a survey, the team are now analysing the results from over 300 responses.
Museum Construction - Agree programme		The programme has been agreed in line with The Hub milestones as the new, relocated museum facility will be developed as part of this wider project, working closely with our colleagues in the Culture & Leisure team.
Queensway LLP - Queensway North Business Plan updated		The successful Queensway North project was completed last year with developer Reef Group, as a result of this the Queensway LLP will no longer be tracked as part of FTFC programme as the LLP Board continues to function.
SG1- The Hub design team appointed		Procurement of core professional design team ongoing.
SITEC - Options appraisal		Options appraisal is ongoing with partners.

	Performance	Comments
Sport & Leisure Hub Design - Design begins		Morgan Sindall were appointed to help deliver this project and a design period is underway. A full funding strategy is due to be developed.
Stevenage Development Board - Agree workplan and governance format for 22/23 onwards		Workplan ongoing.
Towns Fund - October 22 - March 23 - June Submission to Central Government		Successful submission to Central Government following sign off from capital assurance, S151 Officer and Chairman of Stevenage Development Board.

	Co-operative Neighbourhoods							
	Actual - Quarter 1 2022/23 ytd	Actual - Quarter 2 2022/23 YTD	Actual - Quarter 3 2022/23 YTD	Actual - Quarter 4 2022/23 YTD	Actual - Quarter 1 2023-24 (YTD)	Target - Quarter 1 2023/24 YTD	Target - Quarter 2 2023/24 YTD	Comments
CD1 Number of people engaged in Cooperative Neighbourhood 'Community & Place' initiatives					1,700.00			As part of our UK Shared Prosperity Fund (UKSPF) package, we have committed to engaging and involving 4,000 people throughout the three-year range of the programme, through to 24/25. This is a broad engagement exercised aimed at asking open, qualitative questions to really dig into what is important to our residents, in their local area. Our engagement activities for 22/23, ended in May 2022 and resulted in us engaging with 1,700 people (42.5% of the overall target) in the first year of the fund. These activities will be continued and built on through 23/24 and 24/25 and are on track to significant exceed our target initial target. This data is forming the backbone of an ongoing engagement cycle to support local delivery as part of the Co-operative Neighbourhoods programme. Ward level analysis of this data has been shared with all Elected Members through the Co-operative Neighbourhoods programme and is being utilised to inform spending of UKSPF funding throughout all of our thirteen wards.
CWLS1: Everyone Active - Number of children (under 16) participating in facilities and outreach prog					22,139.00			This is the first year and first quarter of Everyone Active's operation of Stevenage Leisure facilities, and this data was not captured by the previous operator. Therefore this year is being used to set the baseline targets for 2024- 25 onwards. The Culture, Wellbeing and Leisure Services Manager has advised that the figures look encouraging although we would expect them to rise as the year goes on and envisage that data capture will improve as the contract progresses.
CWLS2: Everyone Active - Number of BAME adults (aged 16+) participating in facilities and outreach					0.00			The data for this Measure was not captured by the previous operator. Everyone Active is in the process of transferring users over from the previous operators systems and setting up system parameters to capture the information required. An update on this measure will be provided in quarter 2.

	Performance	Comments
Consultation & Engagement Topic - GovDelivery topic creation		We have had recent discussions with GovDelivery around establishing a new topic for engagement. They have given us some advice on how to ensure that currently signed up users will be informed of the new topic and be able to sign up. However, the end of July timeline may prove difficult to reach, as recruitment to a new Assistant Programme Manager is underway.
Forward plan of meetings, walkabouts, workshops and events created for all six CN areas	✔	Completed ahead of first set of member meetings. Final dates for Ward Walkabouts/Visioning workshops being finalised in neighbourhood teams, but suggested times/dates highlighted for each group.
PropTech Digital Engagement - Analysis of 22/23 CN engagement activities	✔	Complete. This analysis has formed the discussion topic of the first set of Neighbourhood meetings. Over 3,500 responses were analysed, highlighting 5,807 prioritised themes down to a ward level. This will form some of the baseline information to inform Co-operative Neighbourhood Plans

	A Clean, Green, Safe & Thriving Town							
	Actual - Quarter 1 2022/23 YTD	Actual - Quarter 2 2022-23 YTD	Actual - Quarter 3 2022/23 YTD	Actual - Quarter 4 2022/23 YTD	Actual - Quarter 1 2023/23 YTD	Target - Quarter 1 2023/24 YTD	Target - Quarter 2 2023/24 YTD	Comments
ASB6: Percentage of ASB cases resulting in successful enforcement action					16.00%			30/06/2023 Stevenage has seen an overall volume of 2089 ASB incidents this period. In Qtr 1 last year there were 2567 incidents, meaning a decrease of 18.6%.
CC1: Percentage of homes that have an Energy Performance Certificate (EPC) rating of Band C or above					55.00%			30/06/2023 There is currently work being carried out to improve and validate the data to ensure the Council have the most accurate representation of the stock. This will help us to plan the improvements needed in order to reach the EPC Band C and net zero targets. The Council are working with Sava, a software development company and the system Intelligent Energy to analyse, calculate and plan energy improvements to the Council's housing stock to increase the level of stock where we have a SAP score (governments method for calculating the energy performance of buildings. It collates various amounts of data and will produce a score and band for a dwelling, this is used to create EPC's as well as other energy assessments that can be used to assess the energy performance of a building). By taking this approach the Council anticipates it will improve the percentage of homes that have an EPC of Band C or above over the coming months.
CS2: Number of fly-tipping cases reported in Stevenage					82.00			30/06/2023 Of the cases reported 50% were dealt with by Community Safety. The remaining 50% were removed by the owner or did not require further investigation and were removed by SDS and were cleared before Community Safety needed to take further action.
ES1: Percentage of residential bins collected					99.45%	99.00%	99.00%	
NI192: Percentage of household waste sent for reuse,recycling and composting	40.00%	39.00%	36.60%	32.00%		40.00%	41.00%	30/06/2023 5 July 2023: The Q4 figure for percentage of household waste sent for reuse, recycling and composting is reported here now. The average recycling rate across 2022/23 is 37% - a reduction of around 2% against 2021/22. During Q4 there was an 8-18% reduction in the tonnage of all kerbside recycling streams.
RSH NM01(part1): ASB cases associated with the Council's landlord function					22.00			30/06/2023 As a baseline measure this figure will be used as a starting point from which to monitor progress and compare outcomes with stock holding authorities of a similar size.
RSH NM01(part2) ASB cases associated with the Council's landlord function					0.00			30/06/2023 The Council is working closely with the Hate crime officer from the police to promote reporting of hate crimes as part of a joint approach to Promote reporting of hate crime and promote equality in the community through the SoSafe Hate Crime Strategy.

	Performance	Comments
Active Travel Fund consultation with the Department for Transport		Continue to support HCC with plans for the North Road cycling scheme and further schemes for the next round of funding submissions. Traffic modelling has been completed for North Road and contractors are expected to complete the scheme next year (2024)
Biodiversity Action Plan - develop new plan		Herts & Middlesex Wildlife Trust collating the document following site surveys completed in spring. Document expected in August 2023
Bus Service Improvement Plan		Increased engagement with officers at HCC to progress Bus Service Improvement Plan. Member engagement to follow. Funding has been agreed with Department for Transport (DfT) and a workshop held in January 2023 to assess bus priority measures. A short list of preferred options will be provided in 2024.
Delivery of Place Based Health Inequalities Project with Healthy Hubs, Stevenage North & South PCNs.		The Placed Based Health Inequalities project is due to deliver the first session of our eight-week workshops on Body Image, Low Mood and Race, at the end of the month. Following the end of the workshop series, we look to deliver our first quarterly children and young people's forum where those from the BAME community can talk experience with issues affecting their mental health with other children and young people from different backgrounds. As well as hear from other communities to learn about different issues affect their mental health. This is hoped to break the stigma around the topic of mental health and seeking mental health support when it is needed.
Development of a Heritage Trail for all (pedestrians/cyclists/disabled users)		The Towns Fund project will focus on cycling and pedestrian connectivity. The connectivity project will focus on a few projects including a heritage trail for both cyclists and pedestrians. A section of the project relates to cycleway improvements, to create a nicer experience for cyclists. These improvements, working with HCC, could include wayfinding, better lighting, resurfacing, underpass artwork, etc. The first project is to improve the underpasses closest to the Football ground. These are undergoing redevelopment and will have new artwork in the following themes: 1. STEM 2. Active travel / nature 3. Stevenage FC This is due for completion in September 2023.
Electric Vehicle Charging / Service Station		The Council bid for 12 new EV charging points within our Neighbourhood centres in early 2022. Bidding was successful, and funding received. Installation will start in Q2 23/24. Gridserve EV Charging Service Station approved December 2021; construction yet to commence. New MSCP includes 25% EV charging stations and the potential to increase to 50% in the future.
Flat Block Recycling Pilot - infrastructure and communications		All works delivered. Fortnightly monitoring of all sites being undertaken to measure impact.

	Performance	Comments
Shephalbury Park Tennis Courts- launch		Tennis Courts were completed end of April and the open day was 21st May 2023. It was a successful day with the Mayor opening the day and lots of activity that was fully booked for the day.
Shrub bed conversion - sites identified		Sites in Chells & Manor have been identified. Locations in Poplars and Symonds Green are still to be established
Stevenage Station Gateway Area Action Plan – (Preferred Options) Next steps		Preferred Options AAP report was consulted on in early 2023. The responses have been analysed and reported to Executive in the Summer. The results of the consultation will help inform policy changes to TC4 in the Local Plan under a Local Plan Review scheduled for 2024.
Stevenage Walking Festival		It was a successful week taking place from Sunday 7th May - Sunday 15th May with a variety of walks taking place across the week. We had a number of 351 walkers and 70 of them being new walkers. We also had the Stevenage Walking Festival Family Trail take place on Sunday 15th May where 92 people took part in the trail.
Sustainable Travel Town Implementation Plan		Working Group with HCC officers to Develop STT Implementation Plan. Behaviour change is the key element and surveys to residents and workers in Stevenage being developed. Work is ongoing to compile a list of events to encourage active travel in the next 6 months. More events to promote active travel in the Summer 2023 are being organised. Potential dates include cycling festivals and the station's 50th birthday celebration, as an avenue to promote more behaviour change.
Young People's Healthy Hub (YPHH) - Progress digital engagement, social media content and promotion		The Young People Healthy Hub have seen an 125% increase in accounts reach over the course of the first quarter. The Young People Healthy Hub have also seen an 6.4% increase accounts following the Young People's Healthy Hub Instagram page, which has resulted in a net increase of 18 new followers.
Youth Evolve - Pilot		Waiting to be piloted once team is fully staffed.

	Making Your Money Count (Financial Security)							
	Actual - Quarter 1 2022/23 YTD	Actual - Quarter 2 2022/23 YTD	Actual - Quarter 3 2022/23 YTD	Actual - Quarter 4 2022/23 YTD	Actual - Quarter 1 2023/24 YTD	Target - Quarter 1 2023/24 YTD	Target - Quarter 2 2023/24 YTD	Comments
CompGF1: % of council service customer complaints responded to within deadline	81.56%	84.92%	83.33%	94.00%	85.50%	75.00%	75.00%	30/06/2023 Although not as strong as Q4, performance in Q1 is stronger than preceding quarters and inline with expectations
CSC Sat: Customer satisfaction with CSC customer service	85.50	88.40	86.21	84.60	88.00	90.00	90.00	30/06/2023 Long wait times are the most common theme from customers rating their experience as poor or average. Although customer satisfaction dropped slightly, the average speed to answer actually improved slightly in Q4 (7m56s) compared to Q3 (8m52)
Dig2: Number of online transactions through self-service portal					28,973.00			30/06/2023 Online payments have increased by 6% compared to the same time last year, and they are 45% higher than the same time 5 years ago. The Transformation programme is developing a business case to modernise our payment options for customers and identify ways to reduce the cost of processing payments
Finance BV10: Percentage of non-domestic rates due for the financial year received by the authority	39.15%	62.90%	89.98%	98.75%	39.70%	36.00%	60.00%	
Finance BV66a: Rent collection rate	87.99	94.45	96.83	97.15	92.40	90.22	93.44	
Finance BV9: Percentage of council tax collected	32.40%	59.30%	85.70%	94.00%	32.80%	33.00%	60.00%	

	Performance	Comments
Proposals to create specialist activity based team for Community Advice & Support		Business Case proposals for creation of activity based team to provide advice and support for customers was agreed by Officers

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APPENDIX B: COMMUNITY MEASURES

1. In July 2023, the Executive agreed to a focus on resident priorities as expressed through 13 'Community Measures', specifically: climate change; anti-social behaviour; provision and maintenance of homes; and delivery of good local services.
2. The Novoville/Proptech (2022/23), Resident Survey (2021) and Tenants Survey (2021) analysis has been provided in the Key Facts section to help provide context to the quarterly data.
3. The 'Key Facts' section will be updated each quarter to provide Members and Residents with a clear oversight of performance in the areas that matter to them most. The intention is that these short statements will inform discussion and help drive improvement in these areas. Progress in these areas will then be shared more widely through engaging social media campaigns and promotion through the website and the Chronicle magazine.

ANTI-SOCIAL BEHAVIOUR			
Business Unit	**Service Area**	**Measure**	**Key Facts**
Communities & Neighbourhoods (C&N)	Community Safety	ASB cases overall and ASB associated with the Council's landlord function	In 2022/23, a survey of 5,800 residents indicated that 23.7% were concerned about safety & crime with Anti-social Behaviour and drugs being the most reported concern. In Qtr 1 this year, Stevenage has seen 2,089 ASB reported compared to 2,567 incidents last year, which is a **decrease in ASB cases of 18.6%**. This decrease is in response to the strong joint working between the Council and partners as part of the SoSafe Partnership, specifically the proactive policing evidenced through the 'Clear, Hold, Build' initiative where Safer Neighbourhood Officers work with the Council and residents (most recently seen in Fishers Green) to establish a picture of life in the area and improve understanding of residents' concerns. Building strong relationships

			with communities and raising the police presence is central to ensuring that the causes of ASB can be tackled at source. In response to Regulator of Social Housing requirements, in 2023/24 the Council will record the number of ASB cases which are associated with tenants. In Qtr 1, **22 cases of ASB were reported by tenants.** As a baseline measure this figure will be used as a starting point from which to monitor progress and compare outcomes with stock holding authorities of a similar size.
C&N	Community Safety	Percentage of ASB cases resulting in successful enforcement action	In 2021, reducing current levels of crime and anti-social behaviour was a priority amongst residents, with a third (35%) choosing this in their top three, with the most commonly reported concerns - drugs (71%), youth causing disruption (61%) and groups hanging around (60%). In Qtr 1, **16% of ASB cases resulted in successful enforcement**. As a baseline measure this figure will be used as a starting point from which to monitor progress and compare outcomes with stock holding authorities of a similar size.
C&N	Community Safety	Number of fly-tipping cases reported in Stevenage	**82 cases of fly tipping were reported in Stevenage in Qtr 1, a small decrease from the same period last year** (84 cases reported). In 2022/23, 35% of residents indicated that maintenance and appeal of local areas (e.g., littering & cleanliness, pathways & pavements etc) was a priority.
CLIMATE CHANGE			
Housing & Investment (H&I)	Investing in Homes/Climate Change	Percentage of Housing stock with	In 2022/23, 21.4% of residents indicated that climate change investments were of priority.

		an EPC measure rating above C	In Qtr 1, **55% of Housing Stock had an EPC rating of C or above**. Nationally, it is reported that 57 per cent of socially rented homes have an EPC rating of C or above, the Council is working with SAVA (Software Development Company) to help ensure that the Council has the most accurate presentation of stock status, this will also help the Council identify additional stock decarbonization improvements.
Stevenage Direct Services	Environmental Services	Percentage of Household Waste sent for reuse, recycling and composting	In 2021, 84% of respondents indicated that 'Council and town-wide efforts to achieve net-zero carbon emissions by 2030 to contribute to the fight against climate change' is of importance. Over three quarters (77%) of residents were concerned about climate change with over one third very concerned. In Qtr 4, **32% of household waste was sent to for reuse and recycling**. This is compared with an average of 38.9% for local authorities of a similar size. The Council recognises that more can be done in this area and work is underway as part of the Household Waste Strategy to consider future options.
PROVISION AND MAINTENANCE OF HOMES			
Housing Development	Housing Development	Number of homes delivered (gross) by the Council (since 2014)	In 2021, provision of housing including affordable housing to buy or rent, was identified as a priority by 29% of residents surveyed. The Council continues to work proactively with stakeholders to bring forward and accelerate strategic sites allocated in the proposed Local Plan, and in total the Council has provided **339 new homes since 2014 with a target of 394 in place for Qtr 2**. This proactive approach to building new homes is underpinned by the Council's ability to turnaround planning applications within

			timescale targets. The Council continues to demonstrate good performance in this area. **80% of major planning applications determined within 13 weeks** **100% of minor applications determined within 8 weeks** **98.3% of other applications determined within 8 weeks**
Housing Development	Housing Development	Number of affordable homes delivered by the Council (current quarter)	3 new homes were delivered by the Council in Qtr 1. The scheme at Helston House in Symonds Green was due to deliver a total of **29 new homes** but this has been delayed pending highway works by Herts County Council. These have now taken place and handover is therefore forecast for Q2 delivery meaning performance will be back on schedule by Q2.
H&I	Investment	Percentage of homes maintained as decent against national minimum DH standard	In 2021, two thirds (65%) of tenants reported that they were satisfied with the overall quality of the home, this represented a drop from three-quarters (74%) in 2018, Of those who had a repair, two thirds (66%) expressed satisfaction with the repair they received on this occasion, which represented a fall in satisfaction since 2018 (77%). Since then, to address this the Council has sought to maintain a high percentage of homes that meet the national minimum Decent Homes standard. In Qtr 1 **82.44% fulfilled the national DH standard.** This figure is taken from Housing quality assessments which are built within the Keystone system.

GOOD LOCAL SERVICES			
C&N	Culture, Wellbeing & Leisure Services	Everyone Active - Number of children (under 16) participating in facilities and outreach programmes once per week	In 2021, More residents placed these areas in their top three priorities than in 2017: • 'Good local shops and facilities in neighbourhood areas' • 'Good sports & leisure facilities as well as activities to support health & wellbeing' • 'Activities and support for children and younger people' Under its new leisure arrangement with Everyone Active, the Council are keen to see young people participating in outreach programmes. In Qtr 1, **22,139 children used Everyone Active facilities and participated in programmes.**
C&N	Culture, Wellbeing & Leisure Services	Everyone Active - Number of BAME adults (aged 16+) participating in facilities and outreach programmes once per week	As part of its EDI Action Plan and Healthy Stevenage Partnership programme, work is underway to encourage BAME adults to utilise Everyone Active facilities and outreach programmes. Due to the early stages of the contract, an update on this measure is due to be provided in Qtr 2.
Digital & Transformation (D&T)	CSC	Percentage of council service customer complaints responded to within deadline	Complaints responsive is a good indicator of how well the Council is able to listen and respond to residents. In Qtr 1, **85.5% of complaints were responded to within deadline**.
D&T	CSC	Customer satisfaction with CSC customer service	In Qtr 1 **88% of respondents indicated they were satisfied with CSC** via a GovMetric Survey. Historically, long wait times are the most common theme from customers rating their experience as poor or average. This is being addressed through the

			implementation and ongoing maintenance of an online Knowledge Base for call handlers, ensuring that enquires can be dealt with swiftly and accurately, avoiding the need to escalate to more experienced members of staff.
Stevenage Direct Services (SDS)	Environmental Services	Percentage of residential bins collected	In 2022/23, 21.4% of residents indicated that access to Services (e.g., council house maintenance, customer services, waste collection etc) was of importance. In Qtr 1 **99.45% of bins were collected.**

Stevenage BOROUGH COUNCIL

Meeting:	**EXECUTIVE**	**Agenda Item:**
Portfolio Area:	RESOURCES AND TRANSFORMATION	
Date:		

TITLE OF REPORT: COUNCIL TAX SUPPORT SCHEME

Authors – Su Tarran Ext. 01279 502075
Contributor – Clare Fletcher
Lead /Contact Officers – as above

1 PURPOSE

1.1 To consider the latest available information around the current local Stevenage Council Tax Support (CTS) scheme and whether any changes to the scheme should be considered for the financial year 2024/25

2 RECOMMENDATIONS

2.1 That the Executive approve the recommendation from Overview and Scrutiny (meeting held on the 24 July 2023) to retain the current Council Tax Support scheme for April 2024.

2.2 That a policy Overview and Scrutiny meeting is held post Full Council in May 2024 to determine whether there has been a transition to Universal Credit and a need to adapt the existing scheme as set out in section 4.4-4.5

2.3 That the Executive re-approved to use the directive contained in the Social Security Administration Act 1992 to disregard, in full, awards of War Widows, War Disablement and Armed Forces Compensation when determining entitlement for housing benefit and/or council tax support.

3 BACKGROUND

3.1 The Government made provision within the Local Government Finance Bill to replace the former national Council Tax Benefit (CTB) scheme from 1 April 2013 with localised schemes for Council Tax Reduction Schemes (CTS) devised by individual local authorities (LA's). The schemes are valid for one year and must be approved by Council before the 11 March immediately preceding the financial year in which it is to take effect.

3.2 The Government require that major preceptors (County and Police) are consulted each year, and if there is any change to the scheme a full consultation open to all taxpayers in the district is required. There is no specific timescale prescribed but the period must allow for meaningful consultation.

3.3 Additionally, consideration must be given to providing transitional protection where the support is to be reduced or removed. The financial impact of any decision on Council Tax Support also needs to be included when setting the budget and Council tax levels. .

3.4 Since the introduction of CTS in April 2013 a number of changes to the scheme have been explored, but the scheme has remained unchanged. This means that CTS scheme for all working age claimants (WAC) will be based on 91.5% of their Council tax liability and that a WAC on maximum benefit will only have to pay 8.5% of their Council tax bill. Elderly claimants are protected in law and those on maximum benefit are exempt from making any contribution.

3.5 The cost of the CTS scheme is included in the council tax base, in the same way as other discounts which reduce the collectable debit and reduce the amount collectable.

3.6 The history of the Council Tax support scheme is detailed in Appendix A.

3.7 Overview and Scrutiny met on the 24 July 2023 to consider the options for the 2024/25 CTS scheme and the report sets out their considerations and the recommended scheme.

4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 This report details the current position on Council Tax Support and seeks support to continue the current scheme for 2024/25 after considering the information contained in sections 4.4-4.7.

4.2 The CTS scheme for 2023/24 can be summarised as follows:

- That the CTS scheme for all working age claimants will be based on 91.5% of their Council tax liability.;
- Elderly CTS claimants are protected in law from any restriction to the liability used in CTS calculations. Their awards will always be based on 100% of the council tax charge.

- All local discretions currently in place continue e.g. war pension disregards;

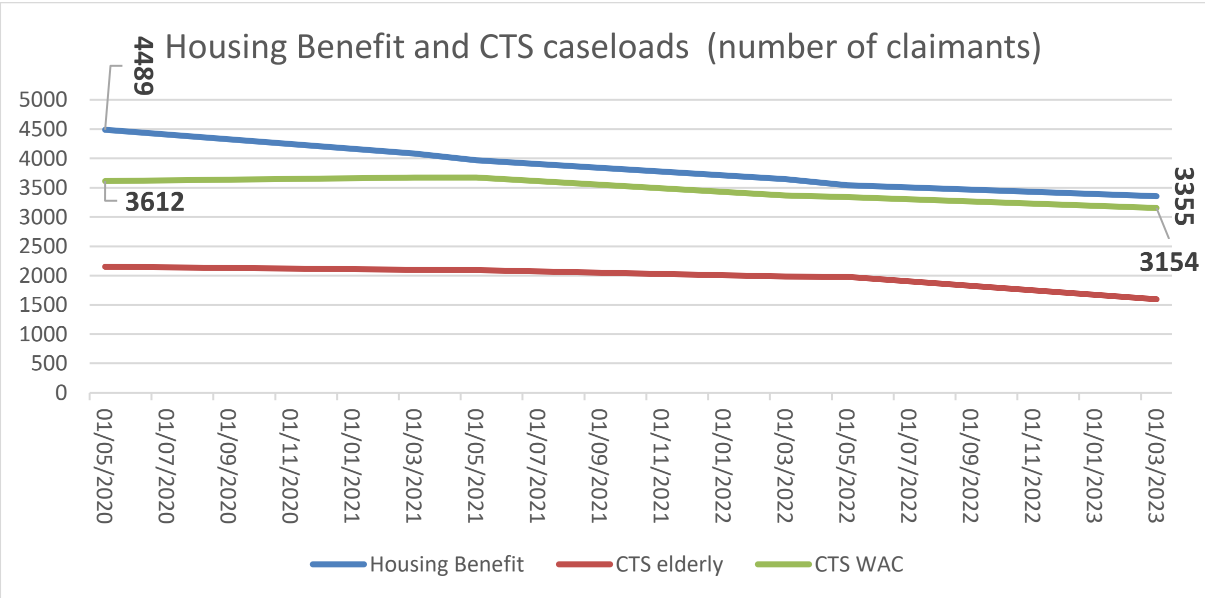
- Other aspects of the Council Tax Support scheme mirror the previous Council Tax Benefit scheme.

4.3. The current CTS scheme works and protects the most vulnerable customers by the use of applicable amounts and income disregards. However, the challenges and opportunities introduced by Universal Credit (UC) prompted a review of the structure of the scheme (see section 4.4 below), but concluded that until the majority of claimants are in receipt of UC, any alternative scheme would add further complexity.

4.4 **The impact, challenges and opportunities of Universal Credit.** Universal credit full service roll out took effect in this area in October 2018. This meant that customers who would previously have applied for Housing Benefit (HB) and CTS are now applying for UC and CTS. The DWP's various pilots to move existing HB claimants on to UC has only achieved a partial reduction in caseload, (see para. 4.4.2). The DWP are continually reviewing and piloting further types of claimants onto UC, with an estimated further 70,000 nationally in 2023/24 . The greatest impact on Housing benefit caseloads still remains the shift in new claims for most applicant groups accessing support through UC.

4.4.1 There are certain groups of HB claimant that will not, in the foreseeable future migrate to UC, as they are deemed too complex by the government. This includes new claimants in these groups, so in addition to the pensioner case load there will be a residual working age caseload for the Council to manage.

4.4.2 There is therefore no information available currently to determine when this Council's existing working age HB caseload will move to UC. The HB caseload has reduced by 25% since 1 May 2020, but there are still more than 3,000 claimants receiving Housing Benefit, (the CTS caseload has also reduced which could also be an indication of lower residents eligible to claim or conversely not realising they can claim once moved to UC).



4.4.3 Customers claiming UC who apply for Council Tax Support do not require the Council to carry out means testing on their circumstances. They need only provide their UC entitlement letters (details of which can be confirmed through LA's access to the DWP systems). These claims are already means tested and have differential applicable amounts applied by the DWP and the only income element that is needed for an award of CTS is earnings. Consideration has to be taken of any deductions being made for overpayments or recovery of advances, but essentially this means that if most claimants are already assessed the current scheme could lead to be a simplified assessment and processing system that could be incorporated into a discount/banded scheme.

4.4.4 The reduction in new claims for HB might seem to reduce the services CTS workload, however as the current scheme for pensioners, and non UC claimants requires the same preparation and processing to award a CTS claim as a HB one, no saving has been realised. Currently claims or changes in circumstances are prepared and input and both awards (HB & CTS) are processed simultaneously. Claims not requiring an HB assessment simply produce one output (CTS award) rather than two. The caseload reduction has however enabled the service to reduce by 1.8 FTE staff from 1 April 2023.

4.4.5 UC claimants have to apply to the Council for CTS entitlement. There is a common misunderstanding among claimants, who have not previously claimed benefit from the Council, that it is all covered by their claim for UC. The Council therefore often only gets to engage with these new customers when their Council tax account is in arrears, and additional recovery action has to be taken. The Strategic Director - Chief Finance officer and Head of the Shared Service have been promoting the scheme through various media to ensure that those entitled take up the support.

4.4.6 Universal Credit is reassessed monthly (unlike HB), and those customers who are working (nationally this is estimated at more than 40%) are likely to experience variations in the UC entitlement each month. This is attributed to salary and wages frequencies affecting the 'monthly' assessments. Each time there is a change in the UC award, their entitlement to CTS has to be reassessed. Every time the CTS is reassessed, it produces a new Council Tax Bill. These constant changes in bills and amounts due are not only confusing to the customer trying to budget, but it also resets any recovery action being taken for non-payment on the previous assessment and making collection of arrears very difficult.

4.4.7 While the caseload for HB has reduced, the service has experienced a significant increase in workload from these monthly changes. They are received electronically from the DWP. However, ongoing progress has been made in automating the processing of many types of changes, and this is helping to mitigate the impact.

4.5 Identifying and acknowledging these challenges from UC requires, any potential change to the CTS scheme to consider;

4.5.1 **The potential for automation of UC notices** on live CTS claims, thus reducing the new increased workflow. Progress has been made in the last year to automate increasing numbers of these changes, and work continues to include more types of changes into the automatic updates. In 2022/23 over 87% of the 33k notifications were automated.

4.5.2 **Mitigations for changes in UC entitlements to revise Council tax liability**, and thus avoid resetting recovery action. This could be achieved if the CTS scheme set bands of entitlement, or fixed periods in which changes in income would not result in a change in entitlement, within the scope of a set range.

4.5.3 These options have the potential to be very expensive. The software supplier is estimating a cost in excess of £25k for each Council moving towards a banded CTS scheme. The Council would be requiring other preceptors to pay a proportion of the total cost proportionate to their share of council tax Any changes to the scheme require full and meaningful consultation with all taxpayers in the district and there are significant costs associated with this level of consultation. It is proposed to hold a Policy Scrutiny meeting each year to determine whether the transition to UC has been significant enough to warrant a change in the scheme as set out above.

4.6 Response to the challenges and opportunities of UC.

Work has previously been carried out to develop a banded scheme for all working age claimants. This included modelling of current claimants into a banded scheme, to assess the impact and identify any unintended consequences.

4.6.1 As it is not currently possible to have a separate scheme for just UC cases, all current working age claimants would have to be included. After testing the data it was clear that the intended simplicity of a banded scheme would be compromised as the need to differentiate between all the many and varied disability premiums and incomes would require too many bands for each category of household, to ensure sufficient protection for these non UC groups.

4.6.2 In addition there would be all the costs of changing the scheme but no savings in administration, or increased simplicity for the customer.

4.7 Conclusion in relation to Universal Credit.

4.7.1 Whilst the number of monthly changes is increasing, the improvement in automation of these changes is balancing the demand for resources. It is still recommended therefore that a two stage approach be followed as we move forward. Firstly, instead of looking to change the current scheme in the short term, we continue to introduce further automation of UC change notices. Secondly, once actual caseload migration is timetabled, consideration of a banded scheme or a discount scheme is revisited.

4.8 Other options that could be considered in redesigning a scheme

4.8.1 There are a number of options that could be considered when redesigning the current scheme, although all revisions would affect working age customers only, given that pensioners have to be fully protected by our scheme.

4.8.2 The Government continues to make changes to the Housing Benefit regulations which are not currently mirrored in the CTS regulations. This means the schemes are no longer aligned. The frequency of changes to Housing Benefit and Universal Credit schemes, make it impossible to mirror these in the CTS scheme, not least of which because of the difference in timing. The Housing Benefit and Universal Credit schemes are changed when needed during the year, and the CTS scheme can only be revised annually.

4.8.3 Consideration was been given previously to align some of the more significant differences between Housing Benefit and Council Tax support but the financial implications across the caseload have been assessed as small, and the changes would have required a full consultation exercise, to achieve only a temporary alignment, and therefore these were not recommended by members.

4.8.4 Consideration has also previously been given to each of the following changes, but each relies on the basic scheme construction remaining the same and members did not recommend any of these.

a) Changing the level of “minimum payment” for all working age customers

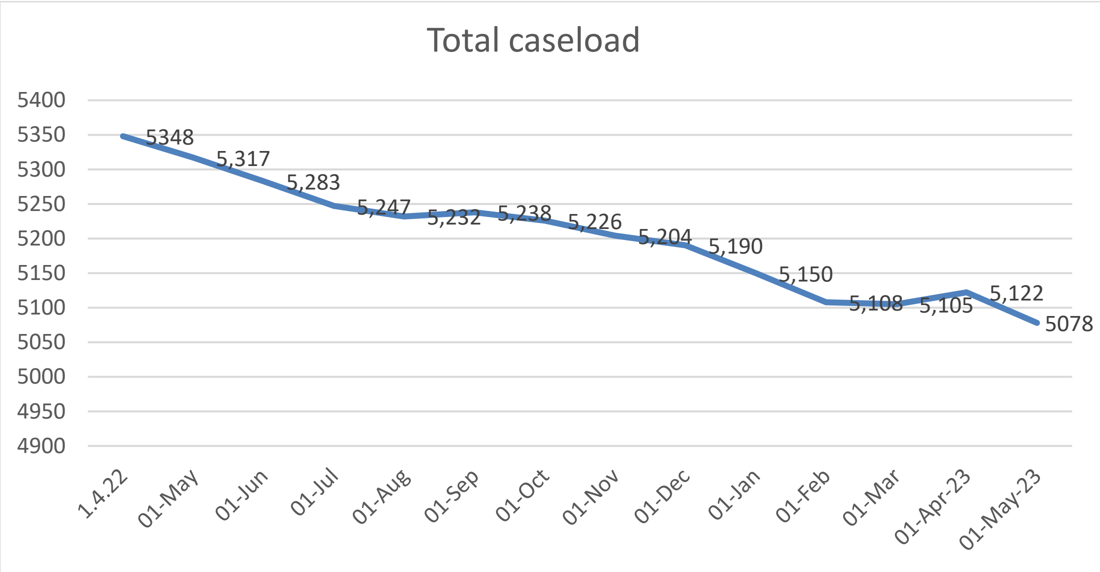
I. The current scheme assumes that all working age customers are asked to pay at least something towards their Council Tax, and as described earlier the minimum payment is 8.5% of liability. The Council could consider making a change to that amount but in doing so, the full impact of that decision needs to be considered.

II. If the Council chose to increase this minimum payment to say 10%, this does not mean a straight line increase in the amount of additional council tax that preceptors would collect . For individuals already finding it difficult to pay at the current level, it can be seen that increasing this amount could increase their hardship levels further, especially as these customers are likely to be receiving other benefits, which have been affected by the on-going Welfare reforms and increase the level of bad debt provision included in the overall collection rate.

III. Given the latest information shows that the collection rate for those working age customers in receipt of CTS is already significantly lower than the overall rate,. Having done some indicative modelling, it is estimated that increasing the minimum payment to 10% could result in an increase in Council Tax collected by approximately £55.1k. But, this would be virtually wiped out by the need to increase bad debt provision based on the current levels of CTS council tax collected. In addition, with the potential increasing caseload as result of the war in Europe and the increase in energy fuel costs, this could exacerbate losses further and cause further hardship.

IV. Conversely, if the Council were to consider reducing the minimum amount to be paid by the claimant, this would increase the cost of the scheme to preceptors, plus there is a real risk that the CTS caseload may increase. Although SBC pays less than 12% of the overall scheme with the County paying the largest share, the war in Europe and the increased energy fuel costs could significantly increases the caseload then this could have a large impact on the taxbase and collectable Council tax at a time when Councils are struggling to meet the cost of higher inflation. On current estimates, the additional burden on the taxbase could be upwards of £308k on the current caseload, in addition and customers currently not entitled would also be eligible to apply. Members should note that the SBC scheme is one of the lowest in the County at 8.5%.

V. The CTS caseload trend is summarised below.



This is showing a slightly less linear reduction than in recent years, but the trend is still downwards, with the caveats around economic conditions cited above

b) Introducing a band cap (so limiting the amount that we would pay to a value of a lower property band, for example Band C)

In some Local Authorities, they have introduced a band cap where the scheme will only pay up to the equivalent of say a Band C property, even if you are in a higher banded property.

This could disproportionately affect those with a requirement for a larger property as they have children, other dependents due to caring responsibilities or a disability. These groups could already have been hit by other areas of Welfare reform including the Benefit Cap and the Spare Room subsidy limitation.

Considering the current live caseload, these could impact on 206 households and reduce spend by £63k. The table below shows the potential loss in entitlement per year for those in bands D and above, both at the 91.5% liability and on those who receive a single person discount (SPD)

					Potential loss in entitlement if Band C cap applied	
BAND 2023/24	**Annual full charge**	**91.50%**	**wih SPD**	**91.50%**	**91.50%**	with SPD
A	£ 1,383.96	£1,266.32	£1,037.97	£949.74		
B	£ 1,614.62	£1,477.38	£1,210.97	£1,108.03		
C	£ 1,845.28	£1,688.43	£1,383.96	£1,266.32		
D	£ 2,075.94	£1,899.49	£1,556.96	£1,424.61	£211.06	£158.29
E	£ 2,537.26	£2,321.59	£1,902.95	£1,741.19	£633.16	£474.87
F	£ 2,998.58	£2,743.70	£2,248.94	£2,057.78	£1,055.27	£791.46
G	£ 3,459.90	£3,165.81	£2,594.93	£2,374.36	£1,477.38	£1,108.04
H	£ 4,151.88	£3,798.97	£3,113.91	£2,849.23	£2,110.54	£1,582.91

c) Introducing a minimum amount that would be paid out

Some Councils have introduced a minimum level at which they will support residents. An example is that you have to be entitled to at least £5 a week to be supported. This means someone who is currently entitled to a lower amount, would not receive it, despite the fact that we have assessed them as currently requiring support. There are no real savings in terms of administrative costs because we would still have to undertake an assessment to find out that we wouldn't award. In addition, the fact that they are currently entitled to support indicates that they are financially vulnerable and the likelihood of being able to collect that additional amount from those residents is low. Therefore the potential reduction in costs overall is minimal and outweighed by an increase in bad debt provision and recovery costs.

Considering the current caseload this would impact on 73 households and save £13.1k.

d) Changes around discretions for Disability, Children and other Dependents

I. This would change the nature of the scheme overall. Stevenage, when setting its original scheme were clear that all would contribute equally as the core scheme already differentiates preferentially to those with disabilities, children etc.

II. Any complexity that is added to the way in which we calculate entitlement, will make the administration of the scheme both more complex for our officers to manage both in terms of calculation but more importantly, to explain to our residents.

III. This would also mean that the general working age population may need to pick up an even greater share of the cost if the scheme is to remain affordable and equitable.

e) Other adjustments

There include; income tapers, non-dependent deductions, income disregards etc. but all carry the same risk to bad debt provisions, potential recovery costs and costs of administration. The more complex the scheme, the more difficult it is to comply with and customers' levels of understanding could be compromised.

4.9 A summary of other CTS schemes in Hertfordshire is shown in the table below.

	Current scheme for maximum entitlement
North Herts	100% if income is below maximum bands. Bands are 10%, 75% 45% 25% and 0%. £50 disregard on earnings and £50 disregard on any disability benefit per household. Limited to 3 children. Cares allowance and ESA support component disregarded. Removed 2AR applications as no longer have a non dep deduction.
Dacorum	75%, and also restricted to band D (i.e. max is 75% of band D)

	however, 100% (with no band restriction) if customer is in a vulnerable group: child under 5; disabled; war pensioner; or disabled child
Welwyn Hatfield	75%
Broxbourne	75% Liability, 25% income taper , Band E restriction
Hertsmere	80% plus restrict to band D so it can be 80% of band D
St Albans	100%
Three Rivers	100%
Watford	100%
East Herts	91.5% - same scheme as Stevenage

4.10 **Other considerations in addition to the impact of universal credit**.

4.10.1 The impact of the war in Ukraine and the increase fuel costs on the economy in the short, medium or long term is as yet unknown.

4.10.2 In 2020/21 the Government allocated funding to enable a top up of up to £150.00 (limited by outstanding liability) to each working age claim. The balance of the funding has been rolled into a hardship fund for 2023/24 to support Council Tax payers suffering financial difficulty. At 1 April 2023 £173k is still available to be awarded.

4.10.3 The Government has also allocated funding of up to £25.00 for each household in receipt of CTS on 1 April 2023. The remaining funds are being allocated to new claims for CTS after that date and the balance will be used for hardship awards during the year.

4.10.4 In previous years the cost of CTS on the taxbase has been reducing in real terms. This is demonstrated below, and has supported previous recommendations to retain the current scheme.

	Actual total cost	Change
2013/14	£6,605,773	
2014/15	£6,137,922	-7.08%
2015/16	£5,755,876	-6.22%
2016/17	£5,683,162	-1.26%

	Actual total cost	Change	
2017/18	£5,828,125	2.55%	The Band D value of the 2017/18 taxbase increased by 4.5% on 2016/17,
2018/19	£5,935,167	1.84%	The Band D value of the 2018/19 taxbase increased by 5.8% on 2017/18
2019/20	£5,779,820	-2.60%	
2020/21	£6,011,347	4.01%	The Band D value of the 2020/21 taxbase increased by 3.94% on 2019/20
2021/22	£6,047,385	0.60%	The Band D value of the 2021/22 taxbase increased by 4.18% on 2020/21
2022/23	£5,865,844	-3.00%	

4.10.4 The reduction in the cost of CTS between 2013/14 and 2022/23 has been achieved as a result of a reducing caseload, despite an increase in council tax and an increase in other discounts such as single person discount.

4.10.5 The taxbase for 2023/24 was calculated in October 2022, and assumed at that time a band D value of 3165.73. At 1 May 2023 the actual band D cost of Council Tax support was 2899.20, which is less than budgeted for.

4.10.6 The taxbase is also impacted by other variables, and changes in anyone of them can impact on its ability to generate the expected income levels on which the budget is set. The war in Europe and fuel cost increases may also have a dampening effect on new builds coming into the taxbase which will further reduce its income raising capacity.

4.11 **The impact of other factors on the ability to pay**.

4.11.1 Many customers now claiming CTS have been affected by other factors. Not only do they find themselves with debts to their Council and landlord that were previously paid for them, but their ability to pay the debts is diminished. This is demonstrated in the Council Tax collection rates. The overall in-year collection rate for all working age CTS customers was 74.36% in 2022/23. In contrast to the all tax payers in-year collection rate of 94%.

4.11.2 The actual cost per week of Council Tax for those customers required to pay the minimum 8.5% contribution is demonstrated below and has been most impacted by the County and Police being able to increase beyond that of Districts.

2023/24	BEFORE OTHER DISCOUNTS (e.g single person)		
BAND	**Annual full charge**	**8.5% Weekly charge**	**8.5% Per annum**
A	£ 1,383.96	£2.26	£117.64
B	£ 1,614.62	£2.63	£137.24
C	£ 1,845.28	£3.01	£156.85
D	£ 2,075.94	£3.38	£176.45
E	£ 2,537.26	£4.14	£215.67
F	£ 2,998.58	£4.89	£254.88
G	£ 3,459.90	£5.64	£294.09
H	£ 4,151.88	£6.77	£352.91

4.12 Overview and Scrutiny Consultation

4.12.1 The Overview and Scrutiny Committee received an overview of the options from the Council's Strategic Director (s151) and the Revenue and Benefits Shared Services Benefit Manager. This set out the rationale for changing the scheme once sufficient numbers of housing benefit claimants had transitioned to universal credit.

4.12.2 The government has state that an estimated 70,000 claimants nationally will transition during 2023/24 onto UC however there are still significant numbers of claimants on housing benefit and the Council cannot run two schemes, i.e. one for HB claimants and one for those on UC.

4.12.3 Based on the current levels of HB claimants, Overview and Scrutiny Members resolved to relook at the position early in the 2024/25 Municipal year to give enough time to model and consult on any scheme changes.

5 IMPLICATIONS

5.1 Financial Implications

5.1.1 As detailed in the report.

5.2 Legal Implications

5.2.1 As detailed in the report

5.3 Equalities and Diversity Implications

5.3.1 An Equality Impact Assessment will be undertaken if there are proposals to amend the Council Tax support scheme.

5.4 Risk Implications

5.4.1 As detailed in the report

5.5 Policy Implications

5.5.1 As detailed in the report

BACKGROUND PAPERS

GLOSSARY

IS	Income support
JSA (IB)	Job seekers allowance (Income based)
UC	Universal Credit
PC	Pension credit
GC	Guaranteed credit
SC	Savings credit
ESA (IR)	Employment support allowance (Income related)

Appendix A The history of Council Tax Support (CTS)

1. The history of Council Tax Support (CTS)

1.1 Before April 2013, local authorities (LA) administered Council Tax Benefit on behalf of the Government. This national scheme was specified in legislation and LA's were reimbursed by the Department of Work and Pensions (DWP) through a subsidy claim submitted annually and subject to audit.

1.2 The level of subsidy reimbursement varied dependant on whether benefit had been awarded, backdated or overpaid, but the point to note is that entitlement and subsidy were based on assessing entitlement on 100% of somebodies Council tax liability, net of discounts (like a single person discount).

1.3 The scheme was means tested and whilst the scheme differentiated between different client groups (providing extra support for disabled groups for example) there was little differential between Elderly and Working Age clients.

1.4 Clients fell into one of two groups, “passported” and “standard claims.” A passported claim was one in which the DWP had already carried out a means test and then notified the Council that the customers income was at or below the minimum income level for their household composition. They would be automatically entitled to 100% of their Council Tax to be paid by Council Tax Benefit. A deduction would however be made from this entitlement where there were non dependants living in the home.

1.5 The second group were called ‘standard claims’. These customers had their means testing done by the Council and awarded Council Tax benefit in accordance with the national scheme criteria. These customers had income above the minimum requirements and would be required to pay something towards their Council tax liability. A deduction would also be made from this entitlement where there were non dependants living in the home.

1.6 In very simple terms entitlement was determined by comparing eligible incomes against relevant applicable amounts. When income equalled or fell below applicable amounts, the maximum entitlement is achieved. If income exceeded applicable amounts, entitlement was reduced by 20% of the excess. The applicable amounts were determined by the DWP in respect of Housing Benefit claims.

1.7 In more complex terms, every income and capital source had to be assessed in accordance with its type, and then determined if it was included in the assessment. Child benefit, maintenance paid to a child, PiP and DLA, war pensions etc were fully disregarded, whilst earned income was calculated after tax & NI, and 50% of pension contributions, averaged over the relevant period. Payments to certain child care providers were disregarded, whilst capital (excluding the property occupied) included savings, shares etc and if the total exceeded £16k, the customer was excluded from entitlement.

1.8 In very general terms the full expenditure on the scheme was reimbursed by the DWP.

2 The impact of changes from 1st April 2013

2.1 The national scheme for Council Tax Benefit ceased, and Councils had to devise their own Council Tax Reduction Schemes for working age claimants. The Government continues to specify the scheme for Elderly customers through prescribed regulations.

2.2 Instead of the scheme being funded through a subsidy claim based on actual expenditure, the Government moved the funding into the Revenue Support Grant (RSG) settlement, fixing it at only 90% of the subsidy paid in a previous year. RSG was the amount of grant that Government gave to Councils to support their wider service delivery, and made up one part of the income of the Council in addition to Council Tax receipts, fees and charges and an element of Business rate collection. However the move away from RSG makes this funding element less obvious.

2.3 Each Council had to consider how to fund 100% of the cost of the Elderly 'national' scheme and provide a Working age scheme, whilst receiving 10% less funding.

2.4 Elderly (Pensioner) claimants are protected from changes through the provision of a statutory scheme.

2.5 Schemes must support work incentives.

2.6 The DCLG Policy Statement of Intent did not give a recommended approach to be taken, but indicated the scheme should not contain features which create dis-incentives to find employment. The current Stevenage scheme complies with this statement.

2.7 Local authorities must ensure that appropriate consideration has been given to support for other vulnerable groups, including those which may require protection under other statutory provisions including the Child Poverty Act 2010, the Disabled Persons Act 1986 and the Equality Act 2010, amongst others.

2.8 The DCLG issued Policy Statements that addressed a range of issues including the following:

- Vulnerable People and Key Local Authority Duties;
- Taking work incentives into account;

- Information Sharing and Powers to Tackle Fraud.

2.9 The Local Government Finance Bill stated that a Billing Authority must have regard to any guidance issued by the Secretary of State. The current scheme has sought to address these requirements.

3 Stevenage's Council Tax Reduction Scheme (CTS)

3.1 The Council initially devised a scheme which replicated the previous national scheme but limited the Council Tax liability that was used to assess entitlement to 90% for working age customers. The Government offered a one off transitional grant to Councils who would restrict the reduction to 91.5%, and accordingly the Council amended the proposal and took the one off transitional grant. The Council has maintained this position for the first 10 years of the scheme.

3.2 From 2014/15 the 90% grant that was included in the RSG was no longer individually identifiable. Therefore calculating the total cost of the scheme i.e. the cost of the CTS scheme versus the CTS grant given by Government is now impossible.

Part I – Release to Press

Meeting:	**EXECUTIVE**	**Agenda Item:**
Portfolio Area:	RESOURCES & TRANSFORMATION	
Date:	**20 SEPTEMBER 2023**	

GENERAL FUND MEDIUM TERM FINANCIAL STRATEGY UPDATE (2023/24 – 2027/28)

Author –	Clare Fletcher
Contributors -	Strategic Leadership Team
Lead Officer –	Clare Fletcher
Contact Officer –	Clare Fletcher

1. PURPOSE

1.1. To update Members on the General Fund Medium Term Financial Strategy (MTFS) including any on-going impacts from Cost of Living crisis.

1.2. To advise Members concerning the current and future position of the Council's General Fund budget over the next five years.

1.3. To update Members regarding the revised inflation projections and pressures for the General Fund MTFS.

1.4. To update the 'Balancing the Budget' (previously 'The 'Making Your Money Count) Future Town Future Council (FTFC) financial targets for the period 2024/25 – 2027/28.

2. RECOMMENDATIONS

2.1 That Members approve the change to the MTFS principles, as outlined in paragraph 3.11 to this report and as amended in paragraph 4.9.11.

2.2 That, for modelling purposes, Council tax increases be set at the threshold allowed assumed at 2.99%, subject to any change in government rules, in order to help achieve a balanced budget as set out in paragraph 4.6.8.

2.3 That the updated inflation assumptions used in the MTFS as set out in section 4 of the report be approved.

2.4 That Members approve the recommendation in paragraph 4.3.4 to transfer a maximum of £225K from the Business Rates Reserve should the SG1 Swingate site Joint Venture not proceed.

2.5 That the approach to the ‘Balancing the Budget’ options as set out in section 4.8 be approved.

2.6 That an amount of £300,000 for 2024/25 be approved for inclusion in the budget setting process to support the Transformation Fund, to help deliver the Balancing the Budget Target, as set out in paragraph 4.8.3.

2.7 That a Balancing the Budget Target of £3.2Million, (of which £1.23Million relates to 2024/25), be approved for the period 2024/25- 2026/27 as set out in section 4.9 of the report.

2.8 That General Fund growth is only approved for the Council’s FTFC priorities and the growth allowance included in the 2024/25 budget is £75,000. Growth above that level will need to be funded by further savings in addition to the £3.2Million target identified.

2.9 That a minimum level of balances for the General Fund of £3.50million be approved for 2023/24 as set out in paragraph 4.10.8.

2.9 The MTFS is regularly reviewed and revised to reflect any material financial pressures so forecasts are updated and re-presented to the Executive for approval.

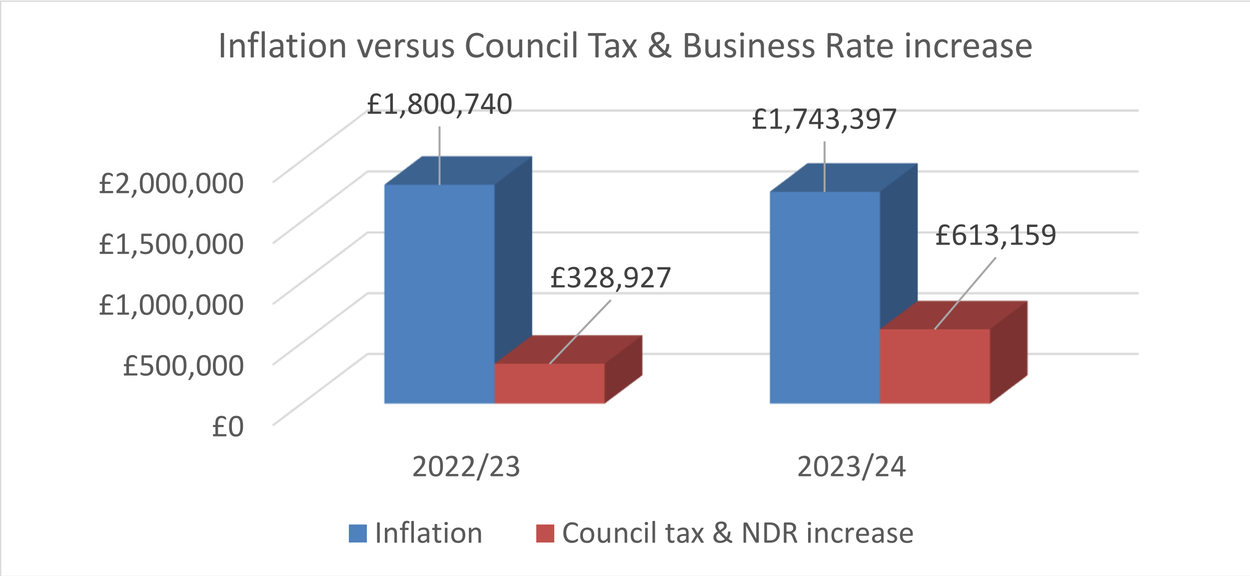
2.10 That the Trade Unions and staff be consulted on the key messages contained within the MTFS and more specifically when drawing up any proposals where there is a risk of redundancy.

3. BACKGROUND

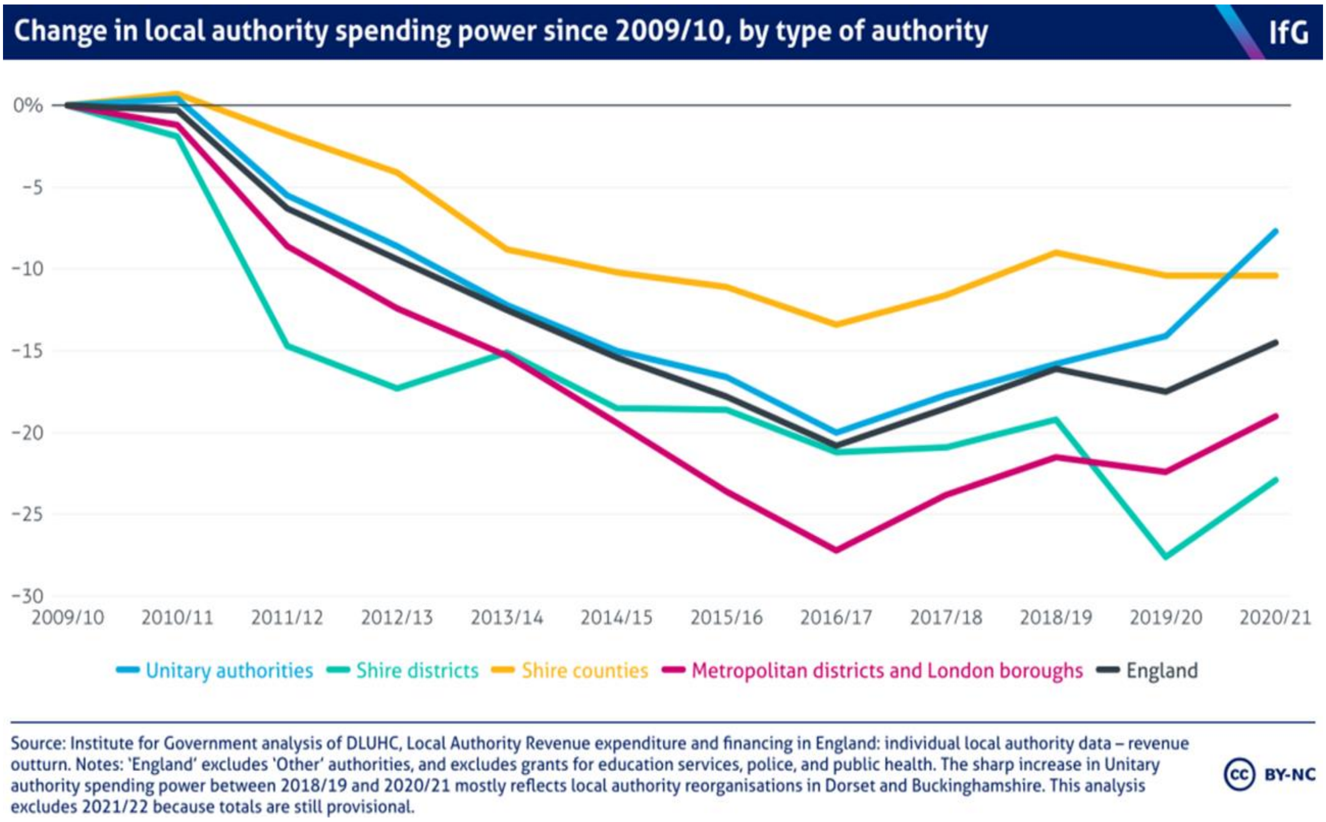
3.1 The MTFS is presented at least annually to the Executive and more often if financial risks are heightened due to matters such COVID and, more recently, the current cost of living crisis.

3.2 This report will provide Members with a projection for the General Fund for the period 2023/24-2027/28, with particular emphasis on the current and next year’s budgets. The 2023/24 original budget still contained legacy financial pressures which arose during the COVID pandemic such as lower parking income and higher homeless costs, combined with much higher inflationary pressures particularly for utilities and fuel following the Russian invasion of Ukraine and the ensuing cost of living crisis.

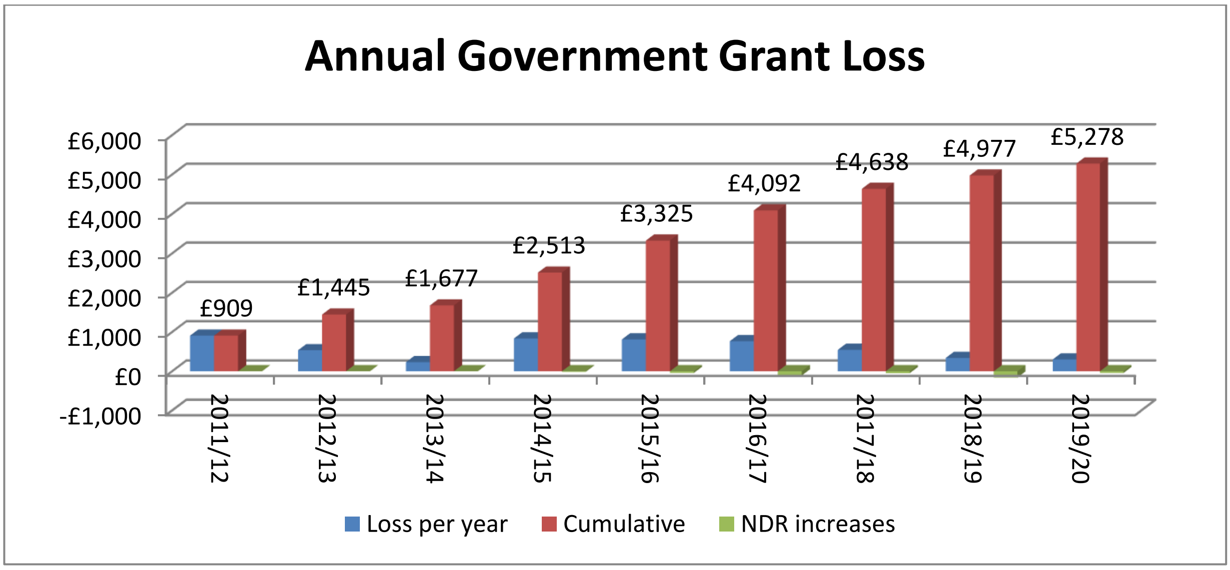
3.3 The financial challenges outlined above follow 13 years of local authority funding cuts which, when considered alongside the need to absorb inflationary pressures and taxation changes results in the need to make significant savings in order to balance the books. Inflationary and service pressures have continued to outstrip the income from council tax rises (capped by government policy). The chart below shows the inflation projected in the MTFS for 2022/23 and 2023/24 versus the government settlement for business rates (before any in year gains) and Stevenage’s share of council tax for the year. During periods of high inflation this gap is significantly wider and requires a higher level of cost reductions



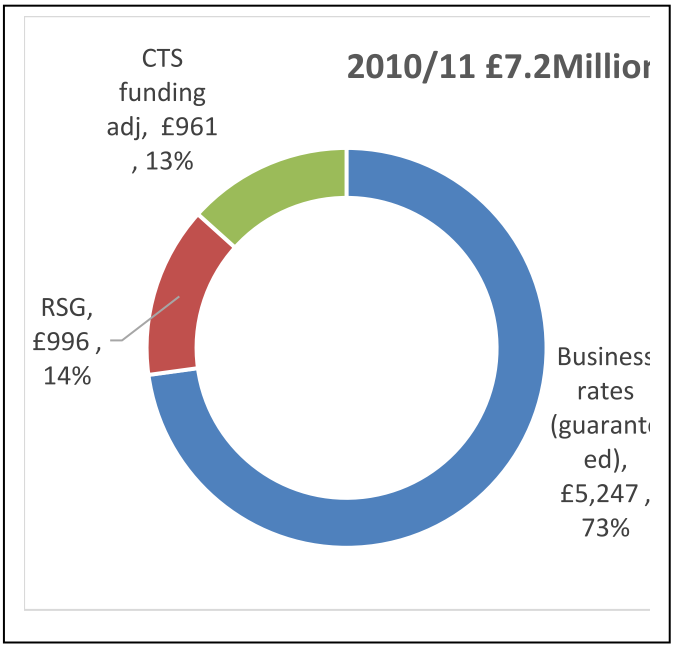
3.4 The Institute for Local Government reported in March 2020 that the deepest local government funding cuts have been experienced by shire districts. In part this is because they did not benefit from the 2019/20 and 2020/21 social care uplifts given to upper and single-tier authorities.

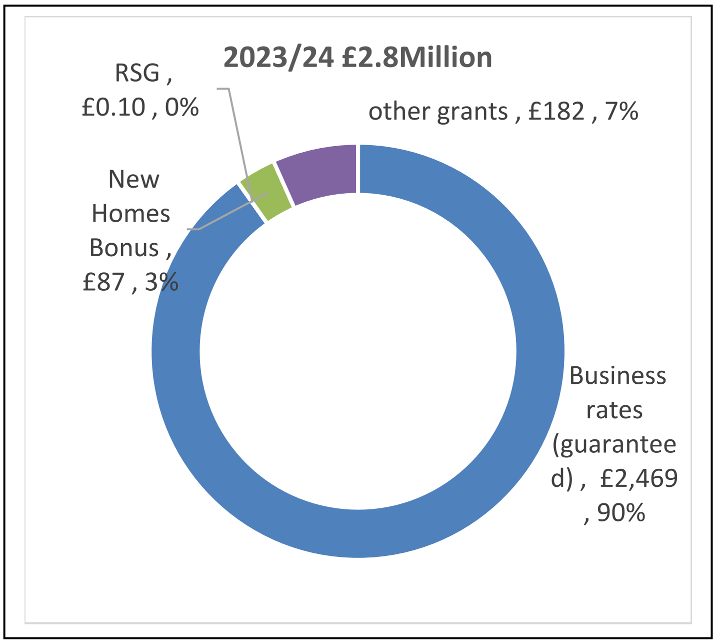


3.5 At a local Stevenage level the annual budget cuts for the period 2011/12 to 2019/20 are summarised below and highlight a circa £5.2Million grant loss. The currently approved MTFS principle is for the Council to not have a draw on balances by 2025/26 to ensure that reserves are not depleted below a minimum level. This target has been revised again within this MTFS update as a result of higher inflationary and cost pressures (see paragraph 4.9.10) and only modest increases in government funding, (well below inflation) being received hence why service costs have had to be reduced.



3.6 To illustrate that difference, In 2010/11, government funding support for SBC was £7.2Million (after adjusting for council tax support costs introduced in 2012/13), compared to £2.8Million for 2023/24. The business rate funding in 2023/24 is only guaranteed at 92.5% of the total funding with individual Councils having to pick up the first 7.5% of business rate losses. In addition, New Homes Bonus and the other grants in the 2023/24 settlement are not expected to be on-going.

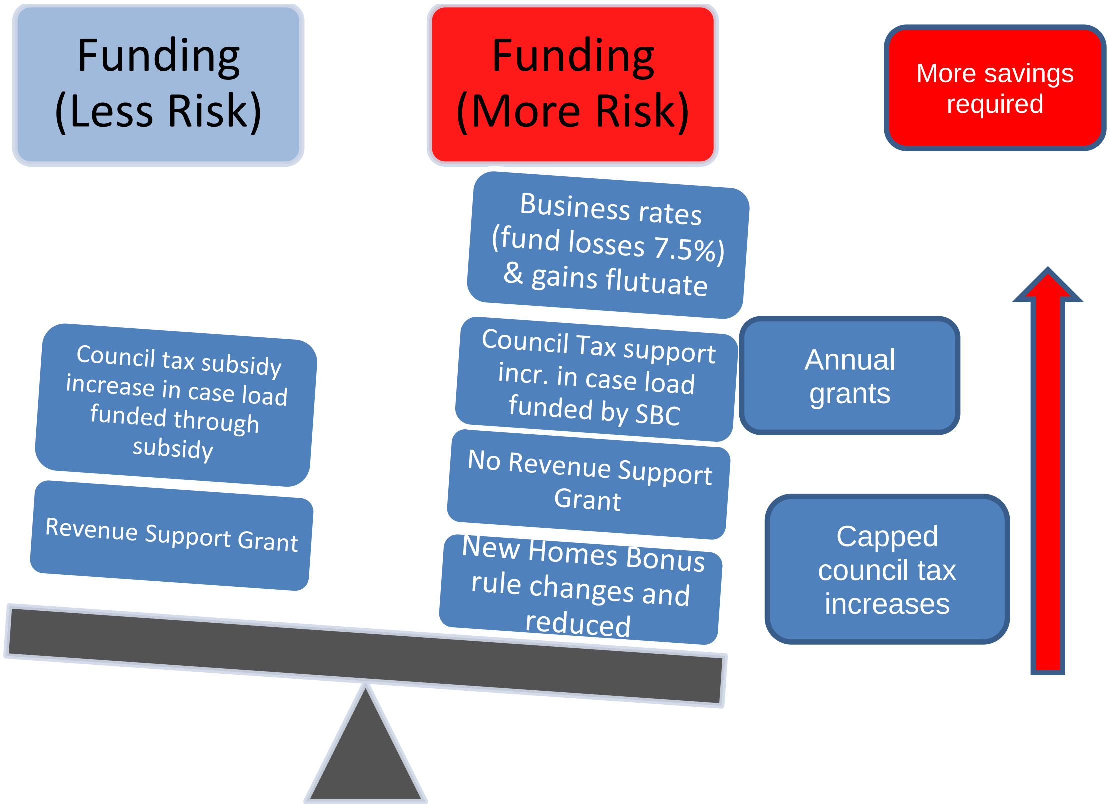




Numbers are £'000

3.7 Since 2011 these impacts have resulted in the Council having to find cumulative savings of £11Million plus to meet the shortfall between reducing funding and increases in annual inflation.

3.8 At the same time there has been a transition towards more inherent risks within local government funding, as illustrated below.



3.9 These funding challenges further evidence the importance of MTFS planning which is the mechanism through which the Council assesses the financial impacts of national and local pressures. All budget challenges are modelled and the impacts on the draw and level of balances are considered, such as:

- National and local government policy on the five year forecast of resources for the General Fund (and Housing Revenue Account);
- Local pressures emerging from service provision, i.e. homeless costs;
- COVID financial impacts that remain due to changes in customer behaviour.
- Cost of Living inflationary pressures on the Council's finances

3.10 Individually, in year or on-going financial pressures may sometimes be absorbed through a draw on balances or by a small increase to the level of savings, subject to the shortfall in any one year and post considering what is realistically achievable.

3.11 The current approved MTFS principles are set out below.

No	MTFS principles
1	To remove the General Fund's reliance on RSG by 2019/20 when the funding is removed and achieve an on–going balanced budget **by**

No	MTFS principles
	2025/26 (by ensuring inflationary pressures are matched by increases in fees and income or reductions in expenditure from 2025/26
2	To consider as part of the budget setting process, and throughout the year as necessary, what support can be given to the community, tenants, leaseholders and businesses in times of particular hardship.
3	To use the Council's reserves in a cost-efficient and planned manner to deliver the Council's priorities.
4	To maximise the Council's income by promptly raising all monies due and minimising the levels of arrears and debt write-offs.
5	To identify alternative means of resourcing the Capital Strategy to minimise the impact of borrowing (GF only).
6	In setting General Fund balances a % for overruns (currently 1.5%), specific known risks, loss of savings & risks associated with new ventures and the cost of borrowing for the capital programme is included.
7	To identify variations to the approved budget via quarterly monitoring and only incur additional on-going spending when matched by increased income or identified savings.
8	To propose Council tax increases in line with inflation for modelling purposes with any increase above inflation used to achieve a balanced budget.
9	To ensure that resources are aligned with the Council's Strategic Plan and FTFC priorities and growth limited to the Council's top priorities
10	The Council does not depend upon short term sources of funding such as New Homes Bonus or business rate gains.

4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 General Fund pressures

4.1.1 Included within the MTFS modelling are a number of considerations which are:

- Inflationary pressures (section 4.2)
- New Service pressures and any on-going COVID related fees and charges losses (section 4.3)

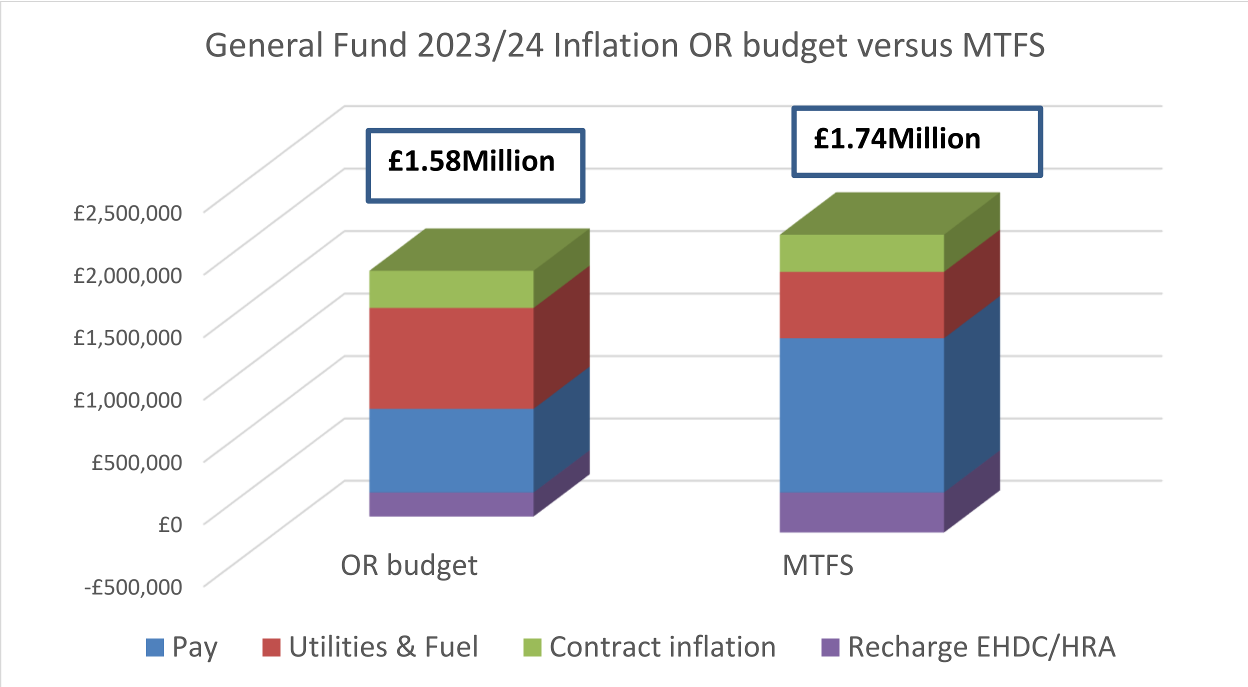
4.2 Inflationary Pressures

4.2.1 The 2023/24 MTFS inflation update versus the original budget shows an overall increase of £160K. This latest projection is based on a:

- Reduction of £276K in the anticipated 1 October utility increases based on the latest contract data from the Crown Commercial Services (CCS), gas and electric prices down by 60% and 13%, versus the previous estimated increase
- Increase in the projected pay award costs of £565K (before HRA share of £107K) based on the current employers offer (£1,925 on spinal points up to mid grade 10 and 3.88% thereafter, Chief Officers (agreed) and Chief Executives (not agreed) 3.5%. This has not yet been accepted by all unions. The Original budget included a 3.5% increase versus the estimated average of 5.4%. The current deal offered

was to mitigate the impact on the pay scales from the increases in the minimum wage. While this is welcome for Local Government employees who face increased costs of living and have had below inflation pay increases in previous years pay awards, they are both not government funded and outside of the Council's control.

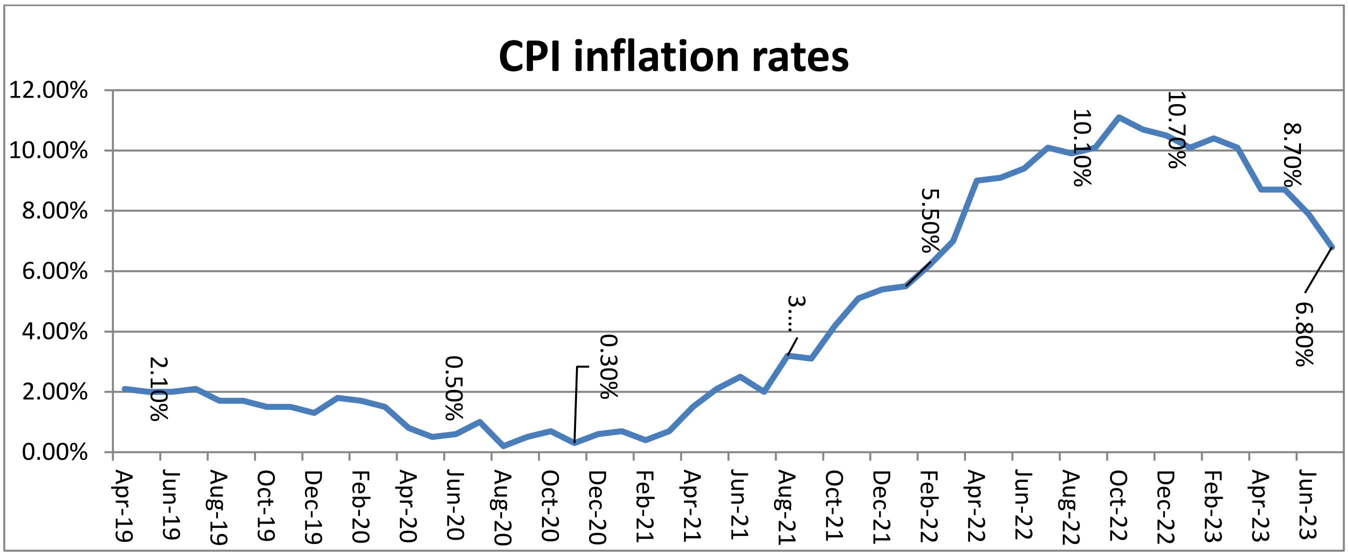
- Increase in the cost of the Shared Revenues and Benefits contract based on a 4% pay offer, however this cost is likely to rise and the Council is liaising with colleagues at EHDC regarding any further cost increases
- Increase in the income from EHDC for the Shared ICT service based on current 2023/24 projections of £106K (reported 1st quarter monitoring)



4.2.4 The 2024/25 onwards inflation assumptions included in the MTFS are summarised in the table below, however there is uncertainty as to when 'normal' levels of inflation will resume.

	2024/25	2025/26	2026/27	2027/28
Inflation-Applied to:				
September CPI for business rate increases	6.00%	4.00%	2.00%	2.00%
Salaries - % increase	3.50%	3.00%	2.00%	2.00%
CPI indices increases	4.00%	3.40%	2.00%	2.00%
Investment interest	4.43%	2.50%	2.00%	2.00%
Fuel Increases	5.00%	5.00%	5.00%	5.00%
Gas & Electric Increases 1 Oct 2023				
Gas (unit charge only)	8.00%	8.00%	8.00%	8.00%
Electricity (unit charge only)	8.00%	10.00%	10.00%	10.00%

4.2.5 CPI is the tracked measure for inflation used by the government and used for increases to business rates and council housing rents, (September CPI). The historic CPI trend is shown below, September 2019 was 1.7% compared to 6.8% for July 2023.



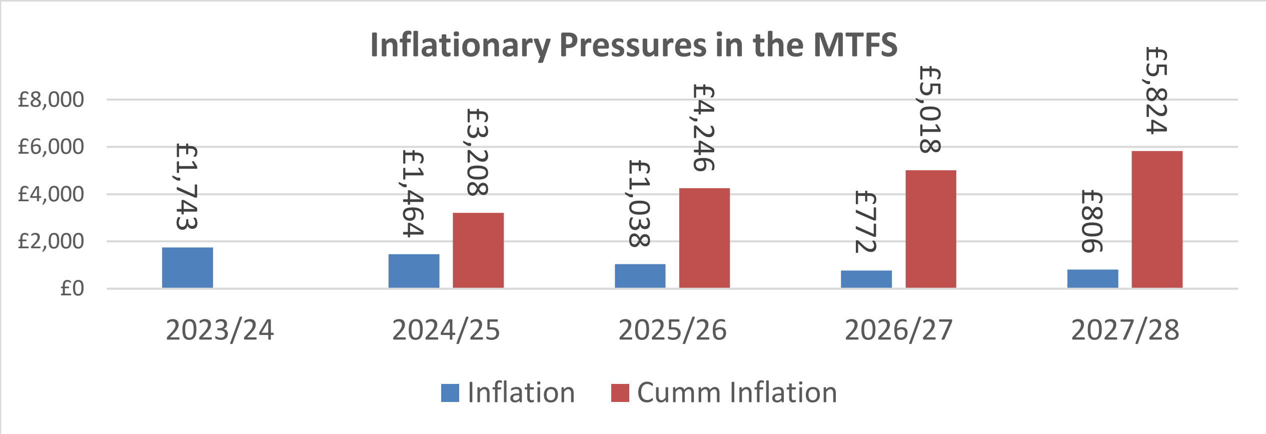
4.2.6 The government did not cap business rate (BR) increases for 2023/24 when CPI was 10.1% (September 2022) and the MTFS assumes that BR will rise by an estimated 6% for 2024/25. Any reduction or capping of business rates should be compensated by new burdens section 31 grant.

4.2.7 It is difficult to predict how long higher high inflation will be in the economy but the MTFS rationale and alternative scenarios are set out below.

Rationale for inflation assumption	
Salaries - % increase	Salary inflation is estimated at 3.5% for the period 2024/25, 3% 2025/26 and thereafter 2%. The level of increase is largely dependent on the impact of increases in the living wage if inflation remains high.
Utility increases	The level of utility increases has been revised for the 1 October 2023 (giving an in year saving for 2023/24) and 1 April 2024, based on current contract projections, however as Councils saw for 2023/24, budget increases are influenced by global factors. The level of increase going forward in the MTFS are based on historic average increases and may fluctuate between individual years.
Consumer Price Index (CPI) indices increases	The July CPI was 6.8% and has been modelled to gradually reduce during the MTFS to a level of 2% by 2026/27. This would still be higher for fuel related costs. For Business Rates the modelling includes an assumption that the September CPI will be 6% and this will be the level of business rates increase for 2024/25.
Business Rate Increases	Business rates are projected to increase by £144K in 2024/25 as a significant number of the Council's buildings experienced an increase in business rates as part of the 2023 revaluation. Increases are capped over a transitional period.

4.2.8 There is a significant gap between the level of inflationary pressures versus projected increases in council tax and business rates, which further illustrates the challenge the Council faces in absorbing inflationary pressures, while trying to maintain services, (see paragraph 3.3).

4.2.9 The amount of inflation projected in the current year and MTFS period is a total of £5.824Million as shown in the chart below, versus an increase in council tax of £1.06Million over the same period. This illustrates the funding gap that needs to be addressed (before any other pressures (see section 4.3)) which is exacerbated during periods of high inflation.



4.3 Other General Fund Pressures and Savings

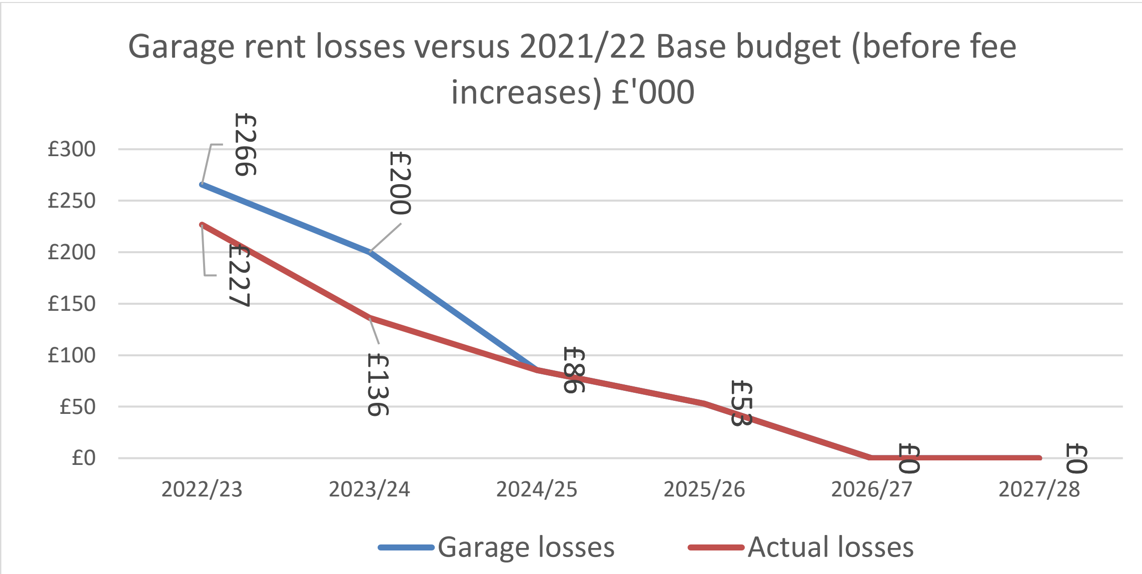
4.3.1 In addition to the inflation challenge, the MTFS makes some assumptions about other pressures for the General Fund which include:

- **ICT Pressures -**The Shared ICT Council partners commissioned some work on the ICT service regarding its direction of travel from the Society for Innovation, Technology and Modernisation (SOCITIM) to include consideration of what the ‘right size’ of the operation would be to deliver on both Councils priorities. This review highlighted that ICT service lacked capacity to properly undertake its functions. A report will be presented to the Joint ICT Committee and, following that, to each Council’s respective Executives, setting out the rationale for investing in the service, which is anticipated to return savings after a two year period. The level of savings is yet to quantified however the impact on the General Fund is projected to be £104K in 2024/25 and then £208K in 2025/26 (full year implementation). This growth is not yet approved but has been modelled in the MTFS.

- **Microsoft Licences and other ICT software and Hardware related costs-**A root and branch review of hardware and software costs and licences has been carried out by the new Assistant Director for ICT and this has identified that there are additional licence cost pressures relating to the Council’s ICT operations and the General Fund share is £204K (2024/25), £175K (2025/26) and £112K (2026/27).

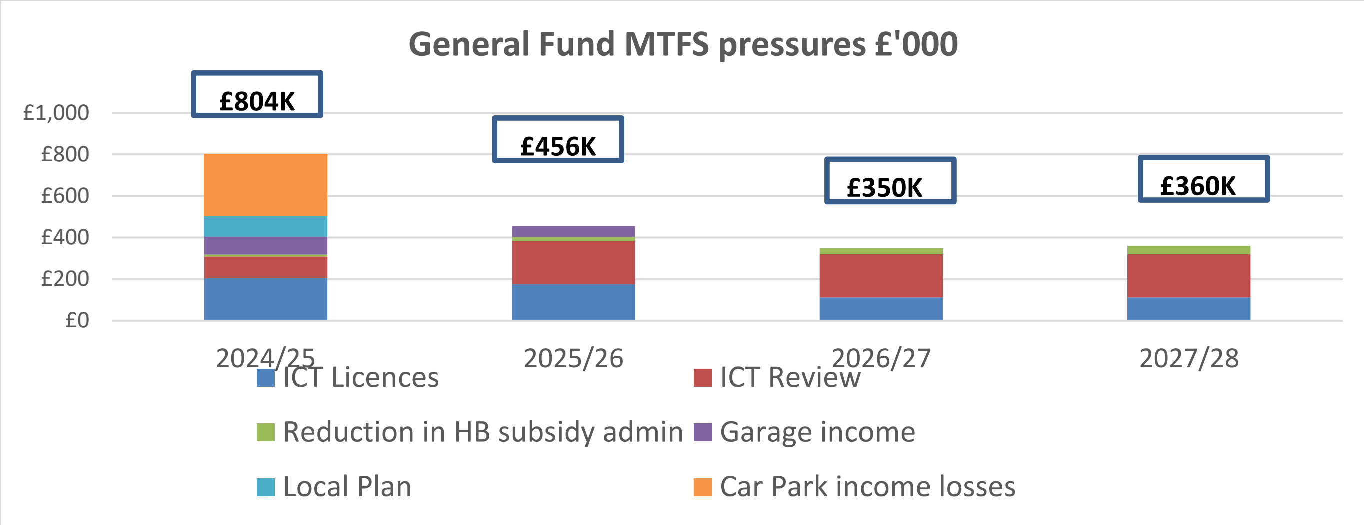
- **Car Park Income**- income continues to be lower than pre-COVID levels, (2020/21 £2Million lower, 2021/22 £1.5Million lower, 2022/23 £928K lower, 2023/24 £600K lower). As those numbers show there has been a gradual increase in income and it is assumed that there will be a further £300K income reduction into 2024/25. However, this will need to be monitored and if the income level doesn't improve, then a permanent reduction for the General Fund will need to be factored in and/or alternative user groups targeted.

- **Garage Income**- This has been updated in the MTFS to reflect the garages that are not able to be rented due to asbestos issues. However, projected in the MTFS 2022/23 this was a £265K reduction, 2023/24 £200K gap, 2024/25 £150K. The introduction of on-line garage lettings and the targeted approach to avoidable voids and the refurbished garages through the Garage Improvement Programme (GIP) has led to an improvement in income being reported in the quarter one monitoring report in the current year. The forecasted gap of £85K in 2024/25 should reduce to £53K in 2025/26 before fee increases. Work has been commission regarding the options for the asbestos impacted garages and the Estates team are reviewing the opportunities around the sites. However, all options are likely to require significant financial investment.

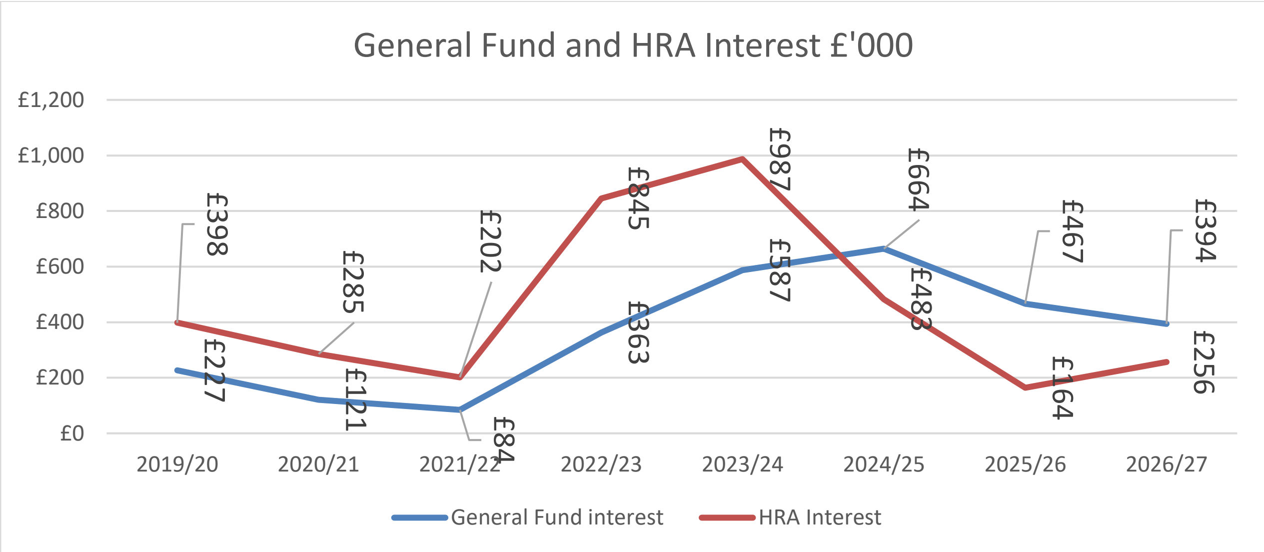


- **Local Plan**- There is a requirement to carry out a number of studies for the next Local Plan update. This cost will be in addition to the planning reserve which also used to fund some of the outputs required.

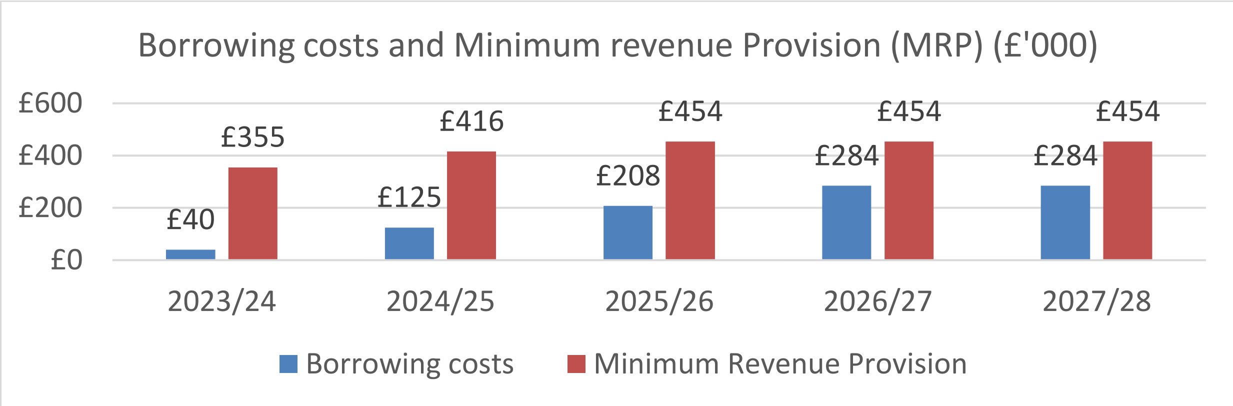
- **Housing Subsidy Admin**- Subsidy payments are based on caseload which is reducing although the workload has not reduced at the same rate due to the increased real time information and changes of circumstances. The MTFS is assuming a £10K reduction in cost per year.



4.3.2 **Investment income** has partly offset some of the General Fund Pressures in the Medium Term as currently projected, however this cannot be relied on to reduce General Fund net expenditure on-going because it is linked to changes in the Bank of England base rate . The quarter one monitoring report identifies an increase in income due to the base rate rises (from 4% in January 2023 to 5.5% August 2023). The chart below shows the annual predicted income with an average interest rate of 5.18% predicted for 2023/24 and the level of reserves held by the Council, reducing to 2% by 2026/27. This is tracked as part of the quarterly monitoring process. In addition, as interest rates have risen the Council has not taken all the borrowing for 2022/23 and 2023/24 as PWLB borrowing rates are high. The CFO has agreed some limited 2023/24 HRA borrowing and General Fund borrowing (for the GIP programme) in 2024/25, in the expectation that borrowing rates fall.



4.3.3 **Cost of Borrowing** has reduced for the General Fund in 2023/24 because instead of taking PWLB loans at a higher than budgeted rates, internal borrowing has been utilised instead, this in effect dampens down investment interest but does allow the loans to be taken at a more advantageous time when borrowing rates are lower. An assumption is that some borrowing will be taken in 2024/25 when rates are predicted to start falling. There is a limit to the amount of General Fund (and HRA) internal borrowing that can enacted as the Council needs to predict levels of future balances and leave sufficient balances for cashflow purposes.

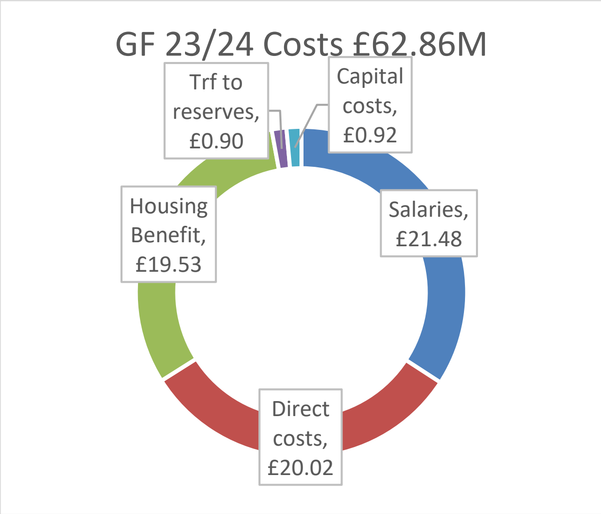


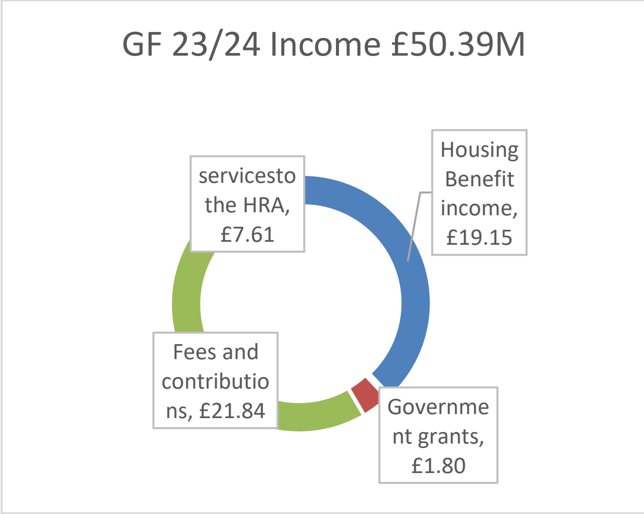
4.3.4 **Set up costs for SG1 project - Swingate site:** The Council approved a budget of £150K to set up a joint venture with Mace at the July 2023 Executive and Council, however this is likely to be nearer £50K and Members will be updated once the costs are concluded. Negotiations are continuing with Mace on the Heads of Terms and joint venture (JV) vehicle. In order to get to final construction costs and a detailed delivery plan, there is a need to spend circa £225K (by both partners) on professional fees ahead of entering into the JV, to ensure that the financial model and plans are in line with that previously reported to Executive and Council. Members should note that the spend is included in the JV total expenditure, not an additional cost. But, the Council would still be liable for £225K plus set up costs spent to date should the Council chose not to enter into the agreement. The CFO recommends that officers are authorised to sign a letter of intent to that effect and that should the JV not be formed the monies are transferred from the business rates reserve.

4.3.5 The Council has also made a successful bid for £700k funding from the Homes England One Public Estate programme, which is intended to support the delivery of challenging brownfield sites. This funding is to be used to support highways and access changes to the Swingate site within the SG1 scheme, to help support delivery of the project and will reduce the construction costs in the JV. Works are expected to commence in the 4th Quarter of 2023/24.

4.4 General Fund Resources available to fund the Net Cost of Services

4.4.1 The original 2023/24 General Fund net budget was £12.63Million, before any of the changes that have been identified as part of the quarterly monitoring reports or this MTFS update.





4.4.2 The cost of General Fund services is not fully funded through fees and charges, grants from central government i.e. flexible homeless grant and NDR admin allowance and housing subsidy grants. This means the Council sets a General Fund annual net expenditure budget.

4.4.3 The General Fund only has three 'core income resources' to meet the annual cost of providing services for local people and businesses, namely council tax, retained business rates and any additional non service specific government grants such as the service grant or the 3% income guarantee grant, the latter of which cannot be guaranteed. 2024/25 will be the sixth one year grant funding, making planning in the medium term very difficult.

4.4.4 The ongoing uncertainty around government funding levels compounds the difficulties in trying to set a balanced budget and in reality council tax increase levels have been capped below inflation levels increasing the reliance on having to make savings to maintain services as highlighted in paragraphs 3.3-3.10 of this report.

4.5 Business Rates

4.5.1 Retained business rates are the amount above which the government allows Councils to keep business rates generated in their boundary. This is calculated by:

Step one - The government sets a baseline need value - this is assessed as the amount needed based on the funding formula.

Step two – The Council collects business rates in Stevenage, net of reliefs, and keeps a notional 40%, (50% is sent to the government and 10% to Hertfordshire County Council).

Step three- Calculate the amount of section 31 grant due to the Council based on reliefs the government has legislated (post the business rate methodology was introduced), given to reduce the amount of collectable business rates (retail reliefs, extended small business rate relief, zero rating increases in business rates).

Step four -The government applies a tariff which then reduces the collected 40% share of business rates and reliefs (based on the last revaluation on rates), so that it is closer to the baseline need (as identified in step 1).

Step five - If there are still gains after step 4, a further levy is applied at 50% so effectively any gains above baseline need are split 50:50 with the government

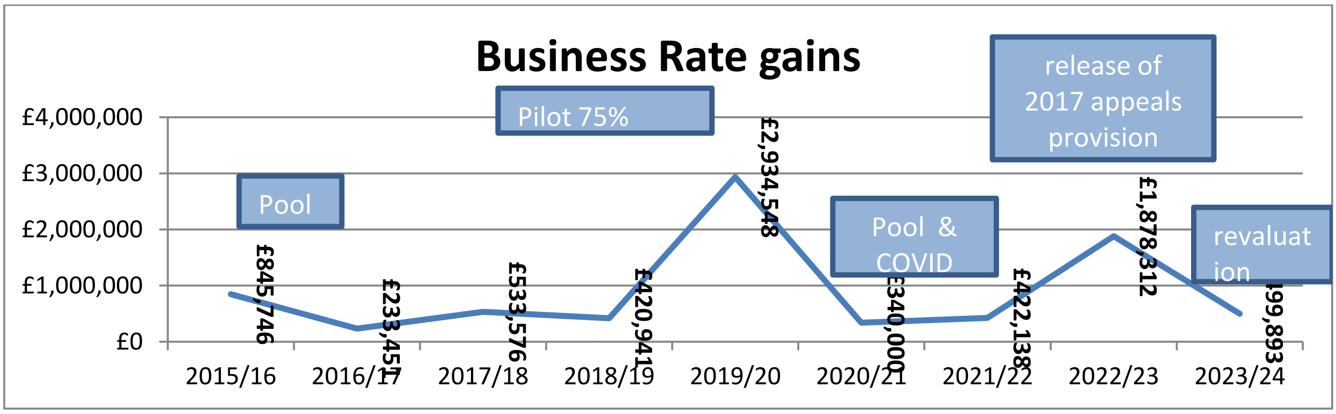
Or In the event that there are in fact losses (i.e. less business rate income was received than the baseline) SBC must fund the first 7.5% below the base line need (approximately £180,000). The rest of the losses are funded by the government via the 'safety net'

Step six - The levy, safety net and section 31 grants are paid based on the amount due in year, all other payments are paid based on estimate with gains and losses due/paid in future years.

4.5.2 Stevenage has benefited historically from business rate gains, which have been influenced by a number of factors such as opportunities to pool gains among councils or the pilot where Hertfordshire Councils kept 75% of all business rates. However, SBC has only been in the 'Hertfordshire pool' twice and the government has only allowed Hertfordshire Councils to be in one pilot scheme. This adds complexity to projecting income and, in addition to this complexity, gains are not realised in the year they were achieved but are based on the prior year estimates.

4.5.3 Members should be aware that implementing further retention and the reset of business rates baselines, alongside the wider reform of the distribution of funding through the Review of Relative Needs and Resources (the "Fair Funding Review"), has been repeatedly moved back, the Government has confirmed its commitment to this (at the 2021/22 Local Government Finance Settlement), but has been unable to implement the reforms. This means the actual levels of business rates collected by local authorities have become increasingly decoupled from their baselines (target levels) which were set in 2013. Any future "reset" of the system could therefore see significant changes in baselines meaning, authorities like Stevenage which benefits from gains could see a reduction in funding.

4.5.4 The reforms that have taken place have revalued businesses, the last one was also a revaluation for 2023 based on the 2021 year. Unlike the previous revaluation in 2018, this has led to an increase in collectable business rates in Stevenage. It could also lead to more appeals therefore an amount has been set aside to deal with those claims.



4.5.4 This business rate system, whilst allowing SBC to benefit from gains, is hard to predict as income fluctuates between years and can be reset to reduce the net annual amount retained as stated above with the Government delaying the fair funding review as outlined in para 4.5.3. This makes income difficult to 'bank' on and to use business rates as a source to fund on-going services. Accordingly, such gains have been used to increase financial resilience or fund priority one off growth pressures. The CFO considers that based on prior years gains it would still be prudent to assume an amount of £200K per year for 2024/25-2027/28 as this is below the level achieved in historically to support service expenditure and also the likely growth in life sciences in the town is likely to generate higher business rate yields.

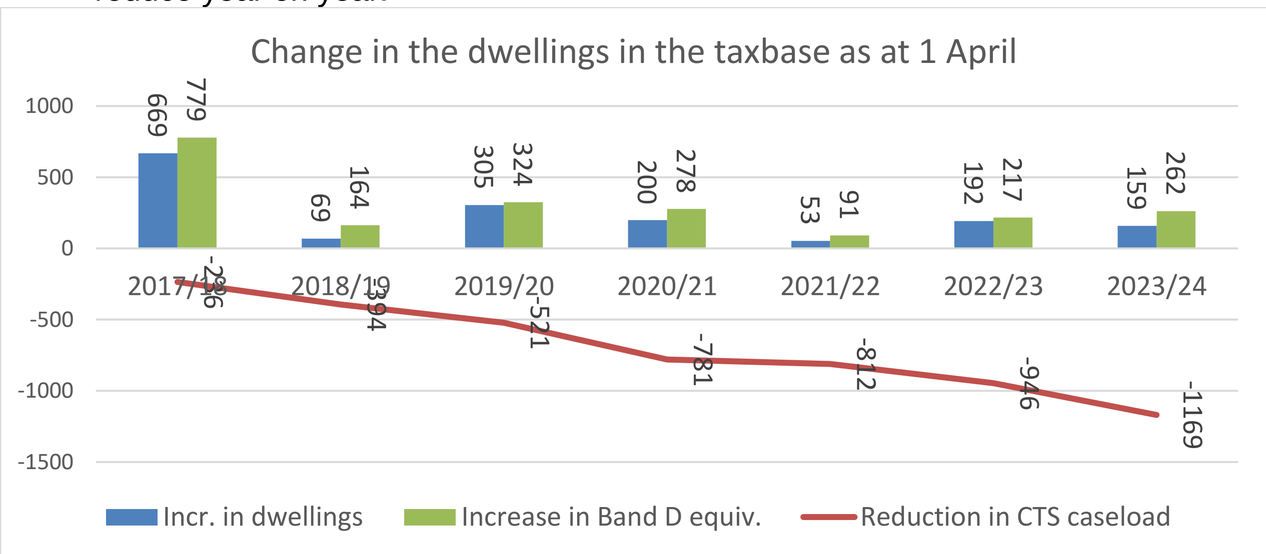
4.5.7 The Business rate yield for 2023/24 is broadly in line with the 2023/24 original estimate and is tracked on a monthly basis. Members will be updated as part of the November Balancing the Budget report on the projected level of business rates for 2023/24.

4.5.8 The business rate inflation projection built into the MTFS is 6% for 2024/25, 4% 2025/26 and 2% thereafter.

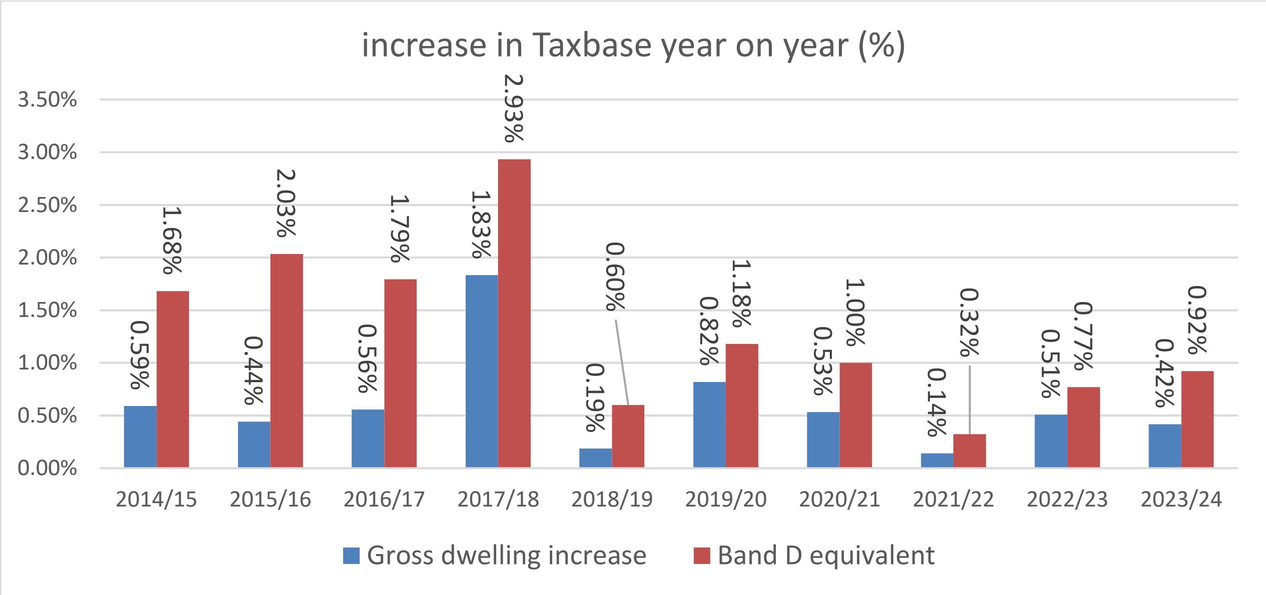
4.6 Council Tax

4.6.1 The amount of council tax that can be raised annually is influenced by two factors, firstly the growth in the tax base and secondly the inflationary increase applied each year. The tax base estimates when new properties will be brought into use and converts this to Band D equivalents for the year, together with all the existing properties and discounts given.

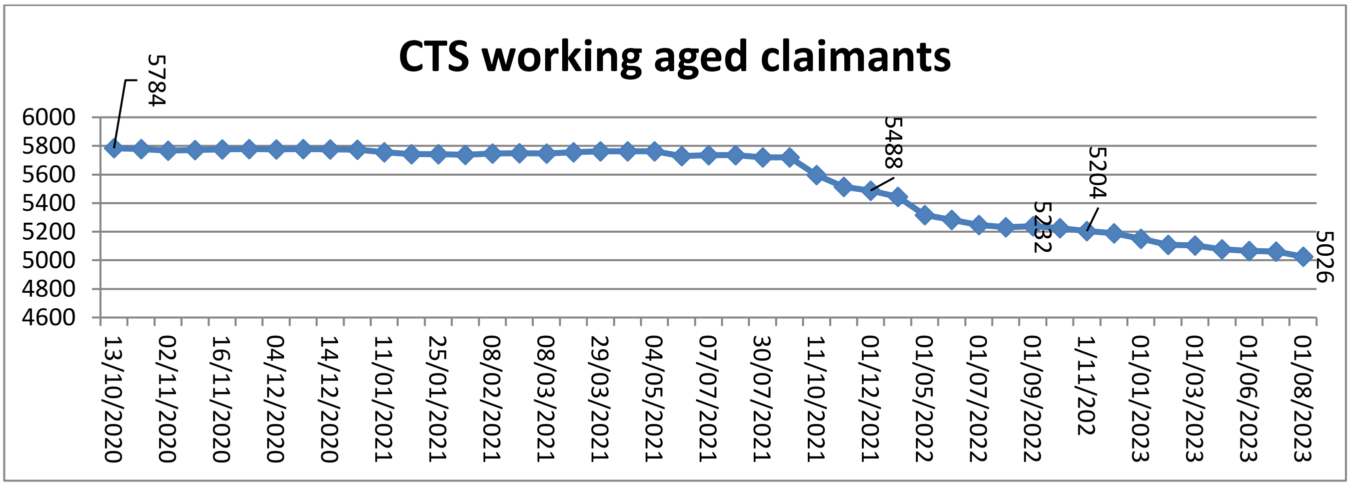
4.6.2 The tax base is calculated based on an estimate of the gross dwellings in Stevenage, reduced by the amount of discounts, (single person discount, council tax support and other exemptions). The increase in new properties fluctuates significantly based on economic development, however the net number of Band D properties has exceeded the new homes in the town (which should be less as there are more properties banded A to C), not because they equate to Band E and above, but because the level of Council tax support (CTS) claimants continues to reduce year on year.



4.6.4 The increase in the taxbase does fluctuate from year to year depending on new properties, CTS and discounts applied, as shown below. This is the amount preceptors will be able to levy council tax on.



4.6.5 Predicting the taxbase for 2024/25 is difficult as there could be an increase in the council tax support (CTS) caseload, as a result of the current cost of living crisis. A spike was seen temporarily during the COVID pandemic but the caseload subsequently reduced. The shared Revenue and Benefits service has been promoting the CTS scheme.



4.6.6 in terms of modelling, the 2023/24 taxbase assumed 5,226 CTS claimants (which equated to the November 2022 caseload plus an allowance for new properties). The actual number of claimants is 200 (3.8%) less. Using the current taxbase to scenario plan for 2024/25 plus 1% of growth indicates that there is headroom to absorb additional CTS cases if they arise as a result of the current economic conditions. This will be monitored up to when the taxbase is approved in January for 2024/25. The current net tax base is 28,330 as at 1 August 2023, compared to the yearend target of 28,153 (after allowance for bad debt), which is 177 band D equivalents higher (mainly due to the reduction in the CTS caseload), equating to an additional £41,103 for Stevenage for a full year.

4.6.7 Overview and Scrutiny met in July 2023 to review the existing CTS scheme to determine whether it should be amended to a banded scheme to reflect the caseload transitioning from housing benefit to universal credit (UC), to allow for the increased changes under UC. Members recommended that the CTS scheme remain unchanged at a maximum discount for working aged claimants of 91.5%, until such time there is a significant roll out of Universal Credit. This will be revisited in 2024/25.

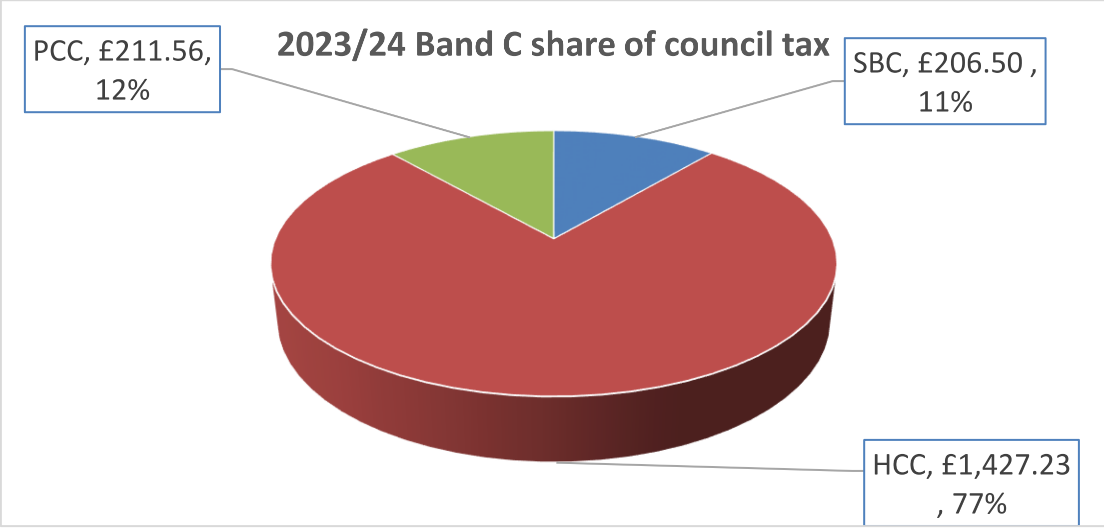
4.6.10 The MTFS assumed a net annual growth in the council taxbase of 0.75% per year. For 2023/24 it was only a 0.53% increase projected with an assumption of gross property numbers of 38,310 (which equates to pro-rata 38,263 based on when -new properties come into the taxbase). Looking at new properties in the 2023/24 taxbase, at the 1 August there are 38,186, which is 124 properties less than estimated for 2023/24 for a full year. However, based on the overall increase in the taxbase, (mainly due to the reducing CTS levels), the 2023/24 taxbase growth increase for 2024/25 has been modelled at 1%.

4.6.8 The MTFS currently includes a 2.99% increase in council tax for modelling purposes for 2024/25 and thereafter 1.99%. This rationale is based on the Government's projections for Council's core spending power (for 2023/24 and 2024/25). The table from the government's Autumn Statement presentation shows a similar increase in Council tax increases (CT) for both 2023/24 and 2024/25 and stated that nationally that this will make available an anticipated additional £1.8Billion to Councils over the next two years, if Councils make use of the flexibilities available (5% total per annum). However, Members should note that a 3% increase is well below current levels of inflation and is estimated to generate only an extra £263K increase in income which is 18% of the inflationary pressures for 2024/25.

Change in Funding for Core Services	2023/24	2024/25	TOTAL
Change to CT Assumptions	0.6	1.2	1.8
Repurposed ASC Funding	1.3	1.9	3.2
New ASC Funding in LGDEL	0.7	1.2	1.9
Removal of NICs	-0.2	-0.2	-0.4
TOTAL	2.4	4.1	6.5

**extract from Autumn statement November 2022*

4.6.9 Members are aware that SBC only retains a relatively small part of the overall Council Tax raised for the year. To illustrate this, taking a Band C property (which make up 57% of total properties in Stevenage), Stevenage Borough Council only retains £206.50 or 11% of the total charge as shown below.



4.7 Finance Settlement including New Homes Bonus (NHB) and Support Grants

4.7.1 The 2023/24 finance settlement assumed a 3% overall increase in funding before council tax increases or use of reserves. The CFO has assumed the bottom-line funding position will be similar for 2024/25 and the rationale and values are shown in the table below. Beyond 2024/25 no assumptions have been made around NHB, Service Grant or the 3% guarantee due to the uncertainty around future funding models.

Finance Settlement (2023/24)	2023/24		2024/25	
	Provisional Settlement	Final	MTFS	Assumption
Business Rates	(£2,668,704)	(£ 2,668,704)	(£2,828,827)	6% CPI increase
Under indexing	(£ 454,589)	(£ 454,589)	(£ 482,000)	
Total Business Rates	**(£3,123,293)**	**(£ 3,123,293)**	**(£3,310,827)**	
Revenue Support Grant	(£ 102,052)	(£ 102,053)	(£ 108,120)	6% CPI increase
New Homes Bonus (NHB)	(£ 86,736)	(£ 86,736)	(£ 10,000)	see para 4.7.3
Services Grant	(£ 99,927)	(£ 104,040)	(£ 100,000)	Assume 3% increase from 2023/24 in 2024/25
3% guarantee	(£ 82,513)	(£ 78,399)	(£ 70,410)	
Total	**(£3,494,520)**	**(£ 3,494,521)**	**(£3,599,357)**	

4.7.2 **NHB** was introduced in 2011/12. Essentially money is paid to Council's based on the increase in properties in the tax base, (top sliced from nationally business rate revenues). The scheme has been amended over the last few years which has made it less financially beneficial to Council's, by:

- Reducing the number of years a payment is made for, from six to four years and then to one year only;
- Introducing a threshold of 0.4% of the tax base before any new payment is made.

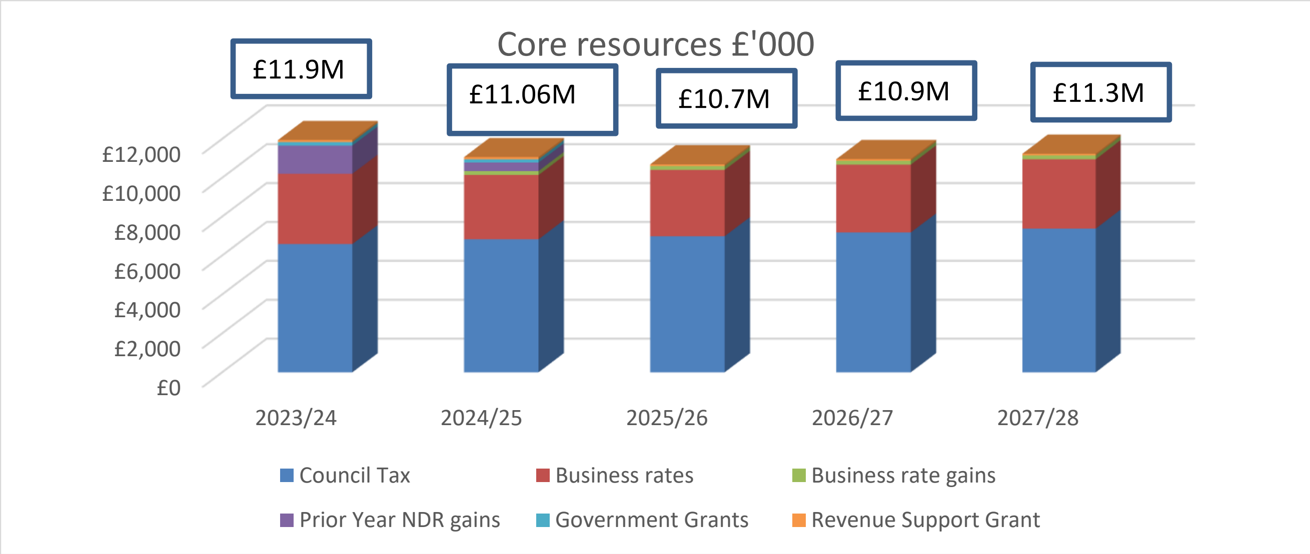
4.7.3 The Council received £86,736, (£32,200 in 2022/23, including a legacy payment of £8,400), The government is likely to continue with the scheme for a further year but beyond that has indicated a reform of this revenue stream. As at 1 August 2023 the NHB calculation showed that SBC was 33 properties below the threshold to qualify for a payment. With the calculation for NHB based on the number of new properties (Council Tax base, taken mid-September, CTB1), It is unlikely the threshold would be reached, a nominal amount has been included of £10,000 in 2024/25 for the affordable housing element, with no future income has been included in the MTFS beyond 2024/25.

4.7.4 **Service Grant and income guarantee funding** an assumption has been included in the MTFs for 2024/25 assuming a similar 3% increase overall as in 2023/24. The service grant numbers were distributed via 2013/14 Settlement Funding Assessment (SFA) shares. If the government did not continue this funding formula there would be a shortfall in grant funding of circa £170K in 2024/25, however General Fund balances are sufficient in 2024/25 to be able to absorb the shortfall. In that situation the 'balancing the budget target may need to be increased in future years.

4.7.5 The MTFS makes no assumption about '**Extended Producer Pays'** funding initiative which the Department for Environment and Rural Affairs (DEFRA) was due to introduce for 2024/25. This would have seen Councils compensated by packaging producers for the costs of efficiently and effectively managing household packaging waste collected from households. The Government announced earlier this the summer that implementation of the scheme would be delayed which is unfortunate as it may have become a new funding stream. No assumption has been made in the MTFS for future years until there is more certainty about the level of potential income but it remains a future opportunity if it's payable in addition to currently assumed Business rates retained.

4.7.6 The MTFS Core resources estimated for the period are summarised in the following chart and the reduction between 2024/25 and 2025/26 reflects the removal of the 3% guarantee and service grant (introduced for 2023/24 and modelled in 2024/250 and the reinstatement of the 'negative' Revenue Support Grant for 2025/26.

4.7.7 This highlights the difficulty in predicting government funding, which they have already stated has yet to be formulated from 2025/26 onwards. The majority of core funding comes from council tax which increases from 62% in 2024/25 to an estimated 66% by 2027/28. This also illustrates that core resources will not cover even the increase in inflationary pressures outlined in paragraph 4.2.9.



4.8 Balancing the Budget (Making Your Money Count)

4.8 1 The Balancing the Budget 2023/24 Cooperative Corporate Plan programme used to ensure that the Council remains financially resilient whilst striving to deliver against its service and high-level ambitions across both the General Fund and the HRA. Balancing the budget consists of four main streams. The graphic below sets out the process for 2023/24 onwards.

Transformation by improving customer access to services through digital means and improving and streamling processes

Co-operative Commercial and insourcing bringing services in-house if value for money and ensuring we charge appropriately for our services

Efficiencies through robust monitoring savings will be identified where they arise ,to ensure that Council stays financially resilient

Prioritise services if there are not sufficient budget savings achieved from the other three work streams to ensure a balanced budget or new priorities emerge requiring funding.

4.8.2 **Transformation (including digital)** –Members approved a set of principles to be applied to securing improvements to customer access to services, through the use of digital design at the August 2021 Executive meeting A further report outlining progress being made against this work stream is included on this Executive meeting agenda. Customers are at the heart of the Council's services, so the aim of the programme is to ensure that they will be served in a straightforward way, with resolution at the first point of contact and, where deemed possible, through the provision of easy to access online services that are so good, people choose to use them. This will be achieved working cooperatively with residents to make sure services are designed with their support.

4.8.3 The MTFS assumes a fund of £300K for the period 2023/24-2027/28 and Members are asked in principle to approve the 2024/25 allocation to facilitate the release of the savings outlined in the Transformation report to this committee. The Transformation programme will deliver savings for both the General Fund and HRA in the medium term.

4.8.4 **Commercialisation & Insourcing** -The Council approved its Co-operative Commercial and Insourcing Strategy at the 12 August 2020 Executive. A revised strategy will be presented to the Executive at its October 2023 meeting. This strategy set out a number of work streams which are overseen by an Executive working group. This work has already contributed to Balancing the Budget and the October report will also include proposed fees and charges increases for 2024/25.

4.8.6 A further update on the work arising from the Co-operative Commercial and Insourcing Strategy will be included in the November 2023 Balancing the Budget Report to the Executive.

4.8.7 **Efficiency savings** are reported and removed from the General Fund as part of the formal quarterly monitoring process and were included in the 2022/23 4th quarter monitoring report and also in the 2023/24 monitoring report to this committee. However, these are becoming more difficult to realise which places more emphasis on the two strands identified above to deliver budget reductions. Opportunities around utility savings and commercial income lease renewals are anticipated

4.8.8 The last strand of the programme is to **prioritise services**. If a funding gap remains for the General Fund post taking action in relation to the previous activities, then the final option is to reduce the level of service provision after giving due regard to the Council's stated priorities. In 2022/23 and 2023/24 the Council had to reduce discretionary spend and ceased both the Community Transport and Play services. As noted previously the financial pressures experienced by Councils over the last four years have been exacerbated by COVID with the cost of living crisis adding further pressure. As set out in section 4.2, while utility costs are predicted to reduce in year pay inflation pressures add additional in year pressures to the General Fund for 2022324.

4.8.9 The CFO does not consider it prudent to set an undefined savings target for any of the Balancing the Budget workstreams, as any interventions need to be identified, scoped, discussed with and ultimately agreed by Members. Furthermore, setting an undefined target would compound risks to the budget and the Council's financial resilience.

4.9 Balancing the Budget Target

4.9.1 The General Fund MTFS has had to set an annual Balancing the Budget savings target due to the level of funding reductions and increased financial pressures as set out in this and previous reports. The previous target for 2024/22-2026/27 was £2.48Million.

4.9.2 Since approving the 2023/24 budget in February 2023, a number of factors have affected the level of savings which are required. These are:

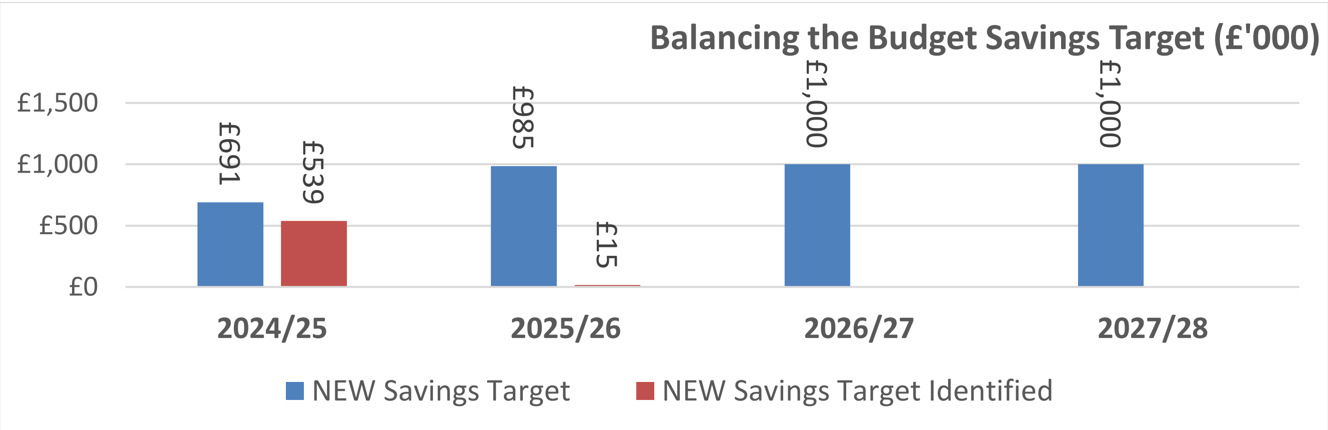
- Increase in 2023/24 pay inflation, (based on current employer offer) as a result of the rise in the living wage levels leading to an on-going pressure of £457K (after estimated recharges to the HRA).
- An increase in the estimate for pay in 2024/25 from 3% to 3.5% based on the levels of inflation, which has increased costs in 2024/25 by a further £164K than was previously estimated.
- On-going impact of lower parking income, with an estimated loss of £300K in 2024/25 (reducing from £600K in 2023/24).
- 2024/25 ICT pressures as outlined in paragraph 4.3.1

4.9.3 There are a number of mitigations that have dampened the impact of the financial pressures identified above and these are:

- The 2022/23 outturn position was a net underspend of £269K after carry forwards, which the Executive approved should be used to help maintain financial resilience.
- 1st quarter monitoring net cost reductions fund the projected additional 2023/24 pay award costs based on the employer's current offer (although this needs to be funded on-going in the MTFS
- The Garage Improvement Programme (GIP) is estimated to generate a further £90K of income by the end of 2024/25
- Investment income has increased for the General Fund in 2023/24 and 2024/25, which reduces in the medium term and is partly netted of by higher borrowing costs
- The CFO recommends the use of business rate gains of £200K per annum for the period 2024/25-2026/27 to support the General Fund based on the current level of gains, while still allowing one off funds for priorities as previously approved.

4.9.4 In setting the savings target, consideration needs to be given as to whether the target sum is achievable in any given year versus setting an amount which delivers no draw on balances. This should be done whilst at the same time, ensuring the Council is still able to deliver on its priorities and that a budget can be set with a prudent level of balances.

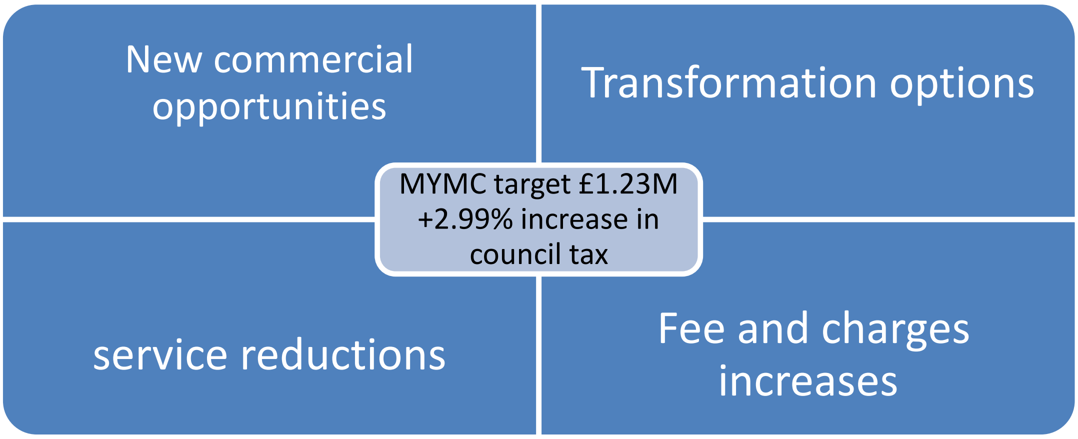
4.9.5 The projected budget gap for 2024/25 is £1.54Million (before savings) and net costs outstrip resources in the MTFS compounded by significant uncertainty around future central government funding. Accordingly, the CFO recommends that a level of new savings over the MTFS is estimated to be £4.2Million and over the next three years is £3.2Million as set out below.



4.9.6 Although the target for 2024/25 is currently projected to be £1.23Million, a number of savings opportunities have been identified to help meet that target including, commercial lease renewals of potentially £186K (including new shops at Kennilworth) and a reduction in homeless costs of £100K as reported in the 1st quarter monitoring report. This leaves an estimated £691K to be identified from the ‘Balancing the Budget’ work streams as identified in section 4.8. Members will have an opportunity to consider the Balancing the Budget options at the November 2023 Executive meeting.

4.9.7 The planned approach will enable the Council to achieve a level of savings in any one year whilst continuing to deliver on priorities. Crucially the Senior Leadership Team anticipate that the Transformation programme will unlock savings in 2024/25 onwards which should ease financial pressures on the Council. However, this is subject to inflationary pay and contract pressures reducing beyond current levels and no further erosion of government funding and the return to ‘normal levels’ for car parking income and recyclates.

4.9.8 A £1.23Million savings target will be challenging to meet and will undoubtably necessitate the Council taking a blended approach, potentially requiring options to be presented from all four strands of the Balancing the Budget work stream. As has been the case in previous years the Senior Leadership Team has instigated a ‘star chamber’ approach to reviewing current expenditure and income to identify a range of options for Members to consider during September and for inclusion in the November Balancing the Budget report.



4.9.9 There are a number of opportunities that could contribute to future years savings targets which are currently not included in the MTFS including;

- Building a new leisure centre by 2026/27 will generate a reduction in the cost of the management by an estimated £1Million. This will be included in the MTFS once the funding strategy for the leisure centre is finalised. This is because a proportion of the saving may be used to support the cost of borrowing.
- A reduction in utility costs for Council’s leisure building would see a reduction in the cost of the leisure management contract for 2024/25, this has not yet be quantified, but may yield a saving, however utility costs are anticipated to increase in excess of CPI so this could both contribute or increase the savings target.

- Extended Producer Pays (EPR) early funding calculations would see a significant funding for the cost of waste disposal and recycling. This service is estimated to cost the Council £2.5Million in 2023/24 (Original Budget). The EPR scheme excludes green waste and does not cover all costs but could become a significant income source for the Council. This has been delayed for a year already and it is not clear whether other funding reforms would offset the increase in income.
- Reduction in operational building costs with the building of the Council's multi-partner hub building in the town centre as part of SG1 regeneration programme.

4.9.10 The current MTFS principles require a contribution to balances by 2025/26 and the MTFS now predicts this to be 2027/28 which includes a requirement to find £4.23Million savings.

4.9.11 Based on the latest MTFS projections, a review of the MTFS principles has been undertaken and the following amendments are recommended.

No	MTFS principles
1	To remove the General Fund's reliance on RSG by 2019/20 when the funding is removed and achieve an on–going balanced budget **by 2025/26** (by ensuring inflationary pressures are matched by increases in fees and income or reductions in expenditure from 2025/26 **Amended to:** To ensure the financial resilience of the General Fund that any net funding gap is reduced by 2027/28
8	To propose Council tax increases in line with inflation for modelling purposes with any increase above inflation used to achieve a balanced budget. **Amended to:** To propose Council tax increases in line with the Government 's annual thresholds for modelling purposes to ensure that the General Fund core resources are sufficient to meet the cost of running the Council's services
10	The Council does not depend upon short term sources of funding such as New Homes Bonus or business rate gains. **Amended to**: The Council does not depend upon short term sources of funding such as business rate gains and in any one year only allows a proportion of the gains to be retained in the General Fund based on the MTFS projections.

4.10 General Fund Balances and Reserves in the MTFS

4.10.1 Council's General Fund reserves are classified as either general or as being held for a specific purpose. The General Fund or the Council's main reserve is designed to cushion the impact of unexpected events/emergencies and to help absorb the impact of uneven cash flows.

4.10.2 The Council's General Fund balances projected in the MTFS are summarised in the table below and requires the £4.2Million savings to be modelled in the MTFS.

General Fund balances	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Opening Balance	(£5,954)	(£4,613)	(£4,303)	(£3,680)	(£3,355)
In Year	£1,340	£310	£624	£325	(£61)
Closing Balance	(£4,613)	(£4,303)	(£3,680)	(£3,355)	(£3,416)

() equals surplus

4.10.4 Guidance issued by CIPFA emphasises this requirement, particularly in light of the responsibilities placed upon the S151 Officer on an annual basis (under the Local Government Act 2003), to report on the adequacy of proposed reserves when Council sets the council tax for the forthcoming year.

4.10.5 The Act includes a reserve power for government to lay down the minimum reserves local authorities must allow for when they set their budgets. It is therefore expected, that authorities will have regard to the CIPFA guidance when considering the adequacy of balances and allocated reserves.

4.10.6 Reserves can be held for three main purposes:

- A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing;
- A contingency to cushion the impact of unexpected events or emergencies; and
- A means of building up funds to meet known or predicted liabilities (this is often referred to as allocated reserves).

4.10.7 In order to assess the adequacy of unallocated general reserves when setting the budget, the CFO must take account of the strategic, operational and financial risks facing the authority.

4.10.8 In terms of determining the level of general balances, the CFO has based her advice on consideration of the factors included in the table below which projects a £3.50Million (2023/24 £3.42Million) minimum level. This is higher than in previous years due to the legacy impacts of COVID combined with a period of higher inflation. This assessment is indicative at the current time and will be further reviewed as part of the budget setting process.

General Fund balances Minimum Level Assessment	2023/24 £Million	2024/25 £Million
Amount to cover a 1.5% overrun in gross expenditure	£0.66	£0.70
Amount to cover a 1.5% overrun in gross income	£0.91	£0.75
Amount to cover pay award above the budgeted amount	£0.20	£0.40

General Fund balances Minimum Level Assessment	2023/24 £Million	2024/25 £Million
Amount to cover higher prices with higher than forecast inflation	£0.24	£0.60
Amount to cover fee and charges losses through price fluctuation	£0.52	£0.30
Amount to increased COVID /cost of living losses	£0.65	£0.30
Amount to increased homeless costs	£0.06	£0.05
Amount to cover risk to Balancing the Budget savings	£0.18	£0.40
Total Estimated General Fund Reserves	**£3.42**	**£3.50**

4.11 Allocated Reserves

4.11.1 The Council's Allocated revenue reserve projections are summarised in the table below. The reserves have been categorised as being allocated for a specific use or available to support the General Fund.

Reserves £'000	Opening 2023/24	Use	Closing 2023/24	Use	Closing 2024/25
NHB reserve	(£253)	£243	(£10)	£0	(£10)
Transformation Reserve	(£714)	£351	(£363)	£363	£0
Homeless reserve	(£429)	£335	(£94)	£94	£0
Planning Delivery	(£165)	£0	(£165)	£0	(£165)
Town centre	(£12)	£0	(£12)	£0	(£12)
Queensway Car Park monies	(£79)	(£43)	(£122)	(£43)	(£165)
Regeneration Reserve	(£264)	£27	(£237)	£100	(£137)
Town square reserve	(£1,059)	£63	(£996)	(£376)	(£1,371)
Insurance reserve	(£78)	£10	(£68)	£0	(£68)
ICT reserve	(£327)	£183	(£144)	£100	(£44)
New Leisure	(£150)	£10	(£140)	£0	(£140)
Stevenage works	(£53)	£0	(£53)	£0	(£53)
Asylum seekers reserve	(£50)	£0	(£50)	£50	£0
Capital reserve	(£20)	£20	£0	£0	£0
Future Councils reserve	(£750)	£375	(£375)	£375	£0
New Commercial Property repair reserve	(£41)	£0	(£41)	£0	(£41)
Total Allocated for use	**(£4,443)**	**£1,574**	**(£2,869)**	**£664**	**(£2,205)**
Gains (NNDR)	(£656)	(£1,530)	(£2,186)	£458	(£1,727)
Income equalisation Reserve	(£458)	(£300)	(£758)	£150	(£608)
Total Available to support the GF	**(£1,114)**	**(£1,830)**	**(£2,944)**	**£608**	**(£2,335)**
Total allocated reserves	**(£5,556)**	**(£256)**	**(£5,812)**	**£1,272**	**(£4,541)**

4.11.2 There are balances of £1.941Million estimated at the end of 2024/25 that would be available to support the financial resilience of the General Fund if inflationary pressures continue to increase and if fees and charge are impacted such as recyclates and indoor market rents. (This includes the need to make a further £395K contribution to the General Fund from the NNDR reserve in 2025/26).

4.11.3 There are still a number of reserve projections to be finalised particularly for the Town Square Reserve which supports the cost of holding assets until they are required as part of the SG1 regeneration programme, this will be updated as part of the next MTFS update.

4.11.4 Contrary to the governments view that Councils are holding onto higher level of reserves that could be released (and a number of surveys regarding reserves are currently out for completion), reserves are held for a number of specific reasons such as the Town Square reserve, or due to higher risk levels where funding levels cannot be guaranteed year on year. The MTFS does now assume a level of business rate gains of £200K per year, with any other annual gains retained in the NNDR reserve and released to support the General Fund resilience.

4.12 CFO commentary

4.12.1 The MTFS projects that 2024/25 general balances will be above minimum levels - based on the revised calculation in paragraph 4.10.8, with an additional £1.941Million of allocated reserves. However, the General Fund faces some financial uncertainty for the reasons previously stated and those set out below:

- There is still a draw on balances projected until 2027/28 and this relies on inflation levels reducing
- There is a potential on-going risk to income streams from cost of living crisis and parking income has not recovered to pre-pandemic levels. The quarter one monitoring report to this Executive identifies income shortfalls for some parts of the business.
- While inflation levels remains high there is a risk to higher inflationary pressures from utilities, contracts and pay negotiations
- There is considerable uncertainty around future funding and whether the fair funding review will reduce government funding further.

4.12.2 It is critical that General Fund reserve resilience measures, such as the Locality Review receipts, meet the in-year target required and the Balancing the Budget targets are achieved as set out in the Strategy. This means that options, identified and presented to the November Executive, need to meet the target for 2024/25 and that the Executive Transformation report sets out future year savings opportunities.

4.12.3 Growth should be limited to that which is necessary to deliver the Council's top priorities only, based on the ability to deliver the existing Corporate Plan commitments and should be met by increasing the savings target. The growth allowance for 2024/25 is modelled at £75,000. There is a need to increase resources to enable the Council to meet its 2030 net zero pledge including maximising grant funding opportunities and the ongoing development of the strategy and implementation of the related action plan which will be necessary to meet the deadline and mitigate costs to both the General Fund and the HRA. It should be noted though that further support from the Government with regards to elements such as social housing decarbonisation will also be needed in order for that target to be met.

4.12.4 The cost of living crisis and COVID legacy impacts are outside the control of the Council but this report sets out a roadmap to address the potential impacts. The

Council cannot just rely on unplanned underspends to improve balances, which are one off in nature and may not always happen.

4.13 Approach to Consultation

4.13.1 Previously the Council has sought the views of residents and stakeholders through consultation, finding out their preferences for reducing services, increasing fees and charges and increasing Council Tax. The recent residents' survey results showed what priority the Council should make savings.

4.13.2 The 2021/22 Residents survey shows that resident's preferences are firstly to reduce costs through the provision of more on line services. Moving services on line was ranked the highest (out of five options in 2021 and 2017) with 41% of those responding to the survey indicating that this was their preferred option; this ranking has increased from 2017 and supports proposals being developed via the Transformation programme as a method to reduce costs and improve customer satisfaction / response times.

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

4.13.3 In addition, the CFO is reviewing what additional consultation and engagement with residents could be developed concerning the 2024/25 Balancing the Budget options. These options will be discussed with Members and through the Member Led cross party group.

4.14 Decision Making Process

4.14.1 It is currently planned that the following approval process will be followed:

Date	Meeting	Report
Oct-23	Executive	Co-operative Commercial and Insourcing Strategy and 2024/25 Fees and Charges
	Overview and Scrutiny	Co-operative Commercial and Insourcing Strategy and 2024/25 Fees and Charges
Nov-23	Executive	Balancing the Budget Report with the savings proposals for the General Fund and HRA

Date	Meeting	Report
	Overview and Scrutiny	Balancing the Budget Report with the savings proposals for the General Fund and HRA
Dec-23	Executive	Draft 2024/25 HRA budget and rent setting report
	Overview and Scrutiny	Draft 2024/25 HRA budget and rent setting report
Jan-24	Executive	Final 2024/25 HRA budget and rent setting report Draft 2024/25 General Fund budget, Council Tax and Council Tax Support
	Overview and Scrutiny	Draft 2024/25 General Fund budget, Council Tax and Council Tax Support
	Council	Final 202425 HRA budget and rent setting report
Feb-24	Executive	Final 2024/25 General Fund budget, Council Tax and Council Tax Support
	Overview and Scrutiny	Final 2024/25 General Fund budget, Council Tax and Council Tax Support
	Council	Final 2024/25 General Fund budget, Council Tax and Council Tax Support

4.14.2 Following the approval of the proposed options for 2024/25, the Council will have an obligation to begin consultation with staff and partners.

5. IMPLICATIONS

5.1. Financial Implications

5.1.1 The CFO view is set out within this report. There is still a draw on balances which increases the necessity to adhere to the spending and saving plans.

5.1.2 There may also be pressure on fees and charges targets as increases in fees or new commercial options may conflict with other business objectives and COVID and the cost of living crisis have diminished the ability to achieve previous levels of rents and charges.

5.2. Legal Implications

5.2.1 The objective of this report is to outline a MTFS and forecast for the next five years. There are no legal implications at this stage of the planning cycle, however, Members are reminded of their duty to set a balanced budget.

5.2.2 Balancing the Budget savings options considered will have due regard to any consultation carried out, if consultation is required.

5.3. Risk Implications

5.3.1 A review of the risks facing the General Fund budgets has been listed in the table below, not all the impacts are known at the present time. The current MTFS projections are based on prudent assumptions and include the CFO's best assessment of the financial risks. However, if any of these risks become a reality then the MTFS will need to be updated once the actual impacts are known.

Risk Area	Risk Mitigation	Likelihood	Impact
Anticipated savings options not achieved (Negative Risk) –agreed options do not deliver expected level of savings either on a one-off basis or On-going.	Regular monitoring and reporting takes place, but the size of the net budget reductions increases the risk into the future. Non achievement of options would require other options to be brought forward. General Fund reserves should be held to ensure that decisions to reduce net costs are taken in a considered manner. This may become more of a risk as options around commercialisation are explored.	Medium	Medium
Council Tax Support (CTS) (Negative Risk) – increased demand is under- estimated.	An increase in demand would impact on future years as the deficit in the collection fund would need to be repaid by the General Fund. However, the modelling in the MTFS leaves the higher level of CTS caseload	Medium	Medium
Localisation of Business Rates (Potential Negative) – A major employer leaves the town and impacts the business rate yield due to the Council	Negative: The safety net means a maximum loss in year of £190K which the council has included in an allocated reserve. On-going this would impact on the savings target and ultimately services.	Medium	Medium
Loss of Business Rates due to Companies going into administration	As above.	High	High
The NDR Check Challenge Appeal process impacts on the Council's baseline assessment and increases the level of successful appeals and reduces the yield (Negative risk)	Officers will be monitoring changes to the NDR system and will be talking to the Valuation office. However, since the system has been introduced. There are still appeals outstanding on both the 2010 and 2017 list and the revaluation for 2023 has seen an increase in business rates which inevitably will lead to an increase in appeals for the new list.	Medium	Medium

Risk Area	Risk Mitigation	Likelihood	Impact
Impact of the Universal Credit (Negative Risk) – The grant given to the Council is cut before the Revenue and Benefits Partnership is able to reduce costs. The Welfare reform bill may impact on residents' ability to pay council bills.	A reduction in the amount of grant assumed within the MTFS would require compensating reductions in planned spending within services. However, UC is being implemented at a very slow pace and the current case load is reducing.	Medium	High
pay inflation pressures increase	General balances are risk assessed to ensure overall levels are maintained that can meet higher than expected inflation rates. The inflation projections include a 3.5% pay award for 2024/25 (was 3%), however this remains a significant risk for the Council as a insourcing Council. However, it reduces the risk to inflationary pressures on external contracts	Medium	High
Utility inflation pressures increase	General balances are risk assessed to ensure overall levels are maintained that can meet higher than expected inflation rates. The inflation projections include a higher increase for 2024/25 (but utility increases are projected to reduce) while inflation remains higher. However this remains a significant risk for the Council.	High	High
Recession risk due to high inflation	General balances are risk assessed to ensure overall levels are maintained that meet an in-year short fall in income and higher costs. In addition the Council is building an income equalisation reserve to mitigate against fluctuating income levels	High	High
Impact of Future Welfare Reforms (Negative Risk) – There could be an increase in the need for the council's services requiring additional resources to be put into those services	Regular monitoring and reporting and the council has a welfare reform group which monitors impacts.	Medium	Medium
All MTFS risks not	Council's risk management	Low	High

Risk Area	Risk Mitigation	Likelihood	Impact
adequately identified (Negative or Positive Risk) – Financial risks and their timing are not accurately judged leading to either a pressure or benefit to the MTFS.	framework ensures operational and strategic risks are identified as part of the annual service and MTFS planning process.		
The impact of Ukraine war (negative risk) causes supply chain issues increasing costs such as steel	An amount has been included in the minimum level of balances and the inflation increases for contracts and utilities has been included in the MTFS modelling.	Medium	Medium
Impact of future years capital programme (Negative) There could be increased pressure from the capital programme on the General Fund.	There is a robust challenge process for capital bids. Officers will be required to confirm that resources are in place to deliver any approved spend. The Locality reviews should identify capital receipt opportunities.	Medium	High
The Council's regeneration of SG1 increases the financial resources the Council must find.	The Council has already approved the use of ring fenced NDR gains for this purpose and the MTFS recommends this continues. However, a full reset of business rate gains could see this reduce and put a pressure on the General Fund. The Council has identified NDR reserves to support the holding costs associated with the Swingate site in conjunction with Mace.	High	High
Fees and Charges target may not be reached (negative risk)	Non achievement of the target may require other options to be brought forward, for future years. But the Council has an income equalisation reserve to meet in year losses and an assumption is also contained within the minimum level of balances to meet an in year loss.	High	High
Homeless Bed and Breakfast costs increase	The budget is projected to reduce in 2023/24 on-wards to £80K. However, the cost of living crisis could see more residents presenting as homeless.	Medium	Medium
NEW: Government Funding reforms reduce more than the MTFS	The MTFS assumes £180K of grant funding in 2024/25 which may not be realised and require the use of balances. In addition the MTFS	High	High

Risk Area	Risk Mitigation	Likelihood	Impact
	includes the historic assumption for 'negative' RSG of £27K from 2025/26. Any changes to the Fair Funding settlement could be greater than modelled		

5.4. Equalities and Diversity Implications

5.4.1 The Council has committed itself to providing high quality services that are relevant to the needs and responsive to the views of all sections of the local community, irrespective of their race, gender, disability, culture, religion, age, sexual orientation or marital status. The General Equality Duty (Section 149 of the Equality Act 2010) requires the Council to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations in the exercise of its functions. The Equality Duty and the impact of decisions on people with protected characteristics must be considered by decision makers before making relevant decisions, including budget savings.

5.4.2 The process used to develop the Council's budget has been designed to ensure appropriate measures are in place to ensure the impact of decisions on the community is considered as part of the decision making process. It is officers' view that undertaking an Equalities Impact Assessment (EqIAs) on the strategy is not appropriate at this stage. EqIAs will be done on individual savings proposals (when relevant) at an early stage in the budget savings process to aid decision makers in their consideration of the Equality Duty. This work is being planned into the budget setting process.

5.5. Policy Implications

5.5.1 The approval of the revised budget framework includes a link for the Council's service planning requirements to ensure service priorities are identified. In addition, the budget framework represents a development of a policy led budgeting approach across Council services and the overall Financial Strategy.

5.6 **Staffing and Accommodation Implications**

5.6.1 It will be evident that there are potentially staffing implications in this report. The associated matters will be discussed with the Trade Unions at the earliest opportunity.

5.7 Climate Change Implications

5.7.1 The Budget and Policy setting process prioritised growth for climate change as part of the 2022/23 and 2023/24 budget setting process. However as set out in the report, there will be a need to provide more resource than what is currently included in the budget to meet the 2030 deadline. The 2024/25 process should have due regard for climate change implications based on the Council's approved Climate Change Strategy.

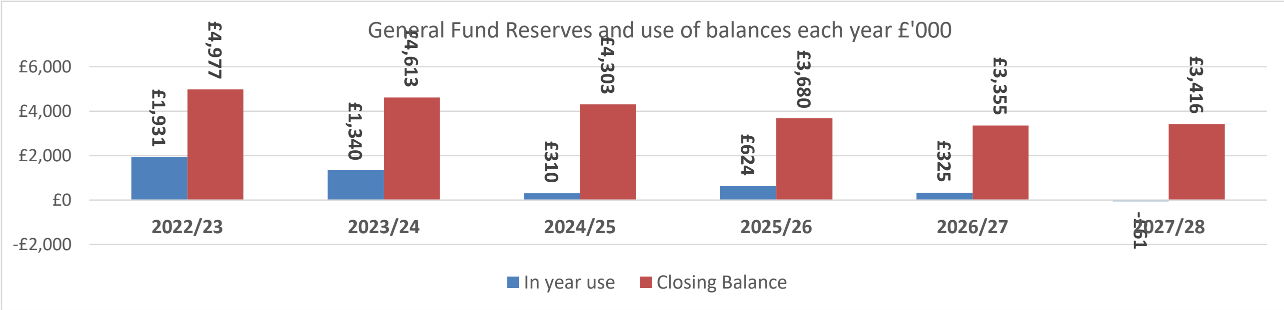
BACKGROUND DOCUMENTS

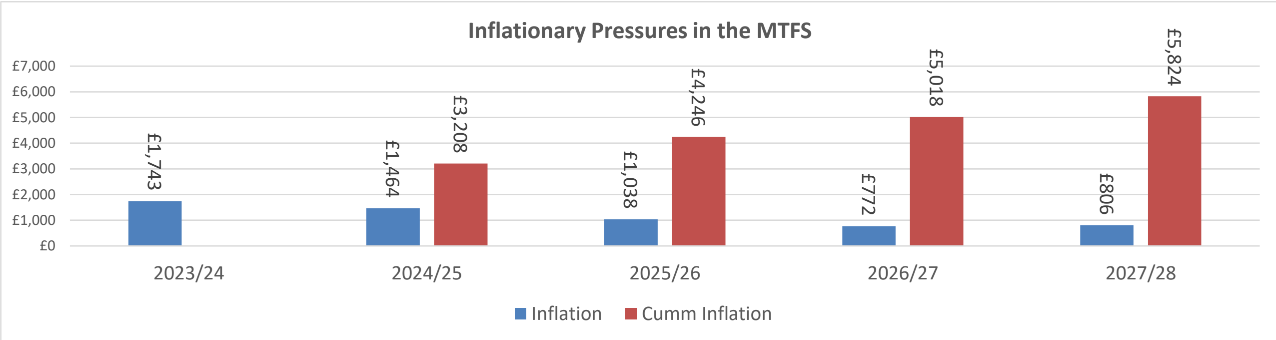
BD1 – 2022 September MTFS Strategy

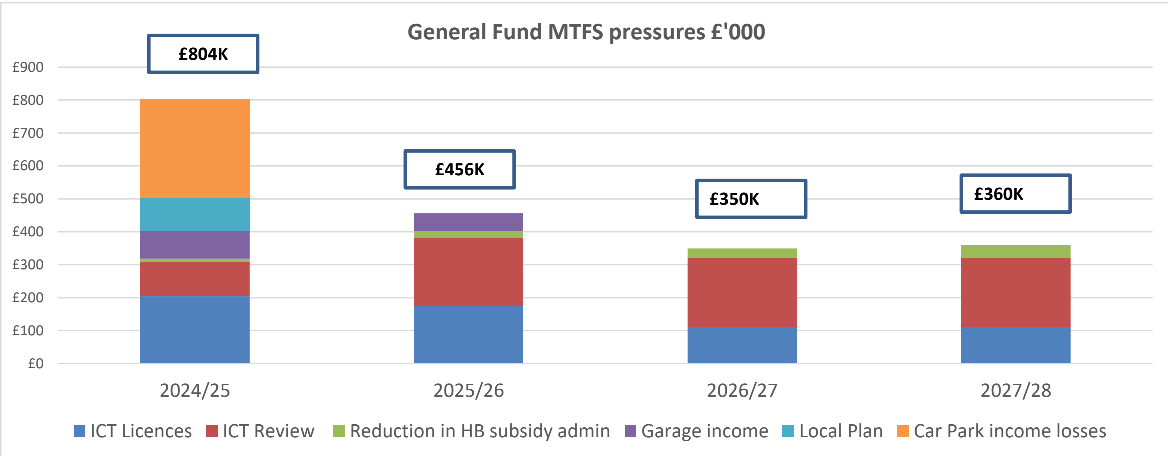
APPENDICES

Appendix A MTFS

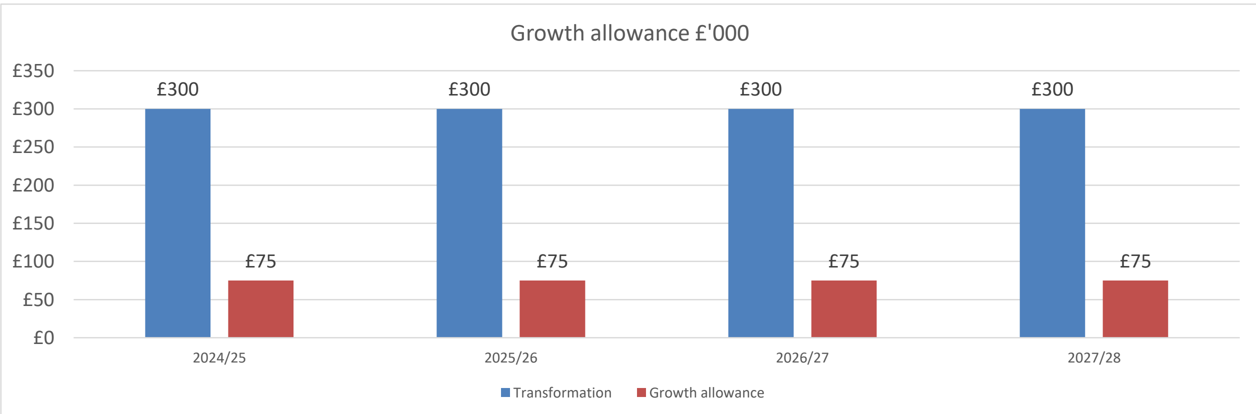
APPENDIX A GENERAL FUND MTFS

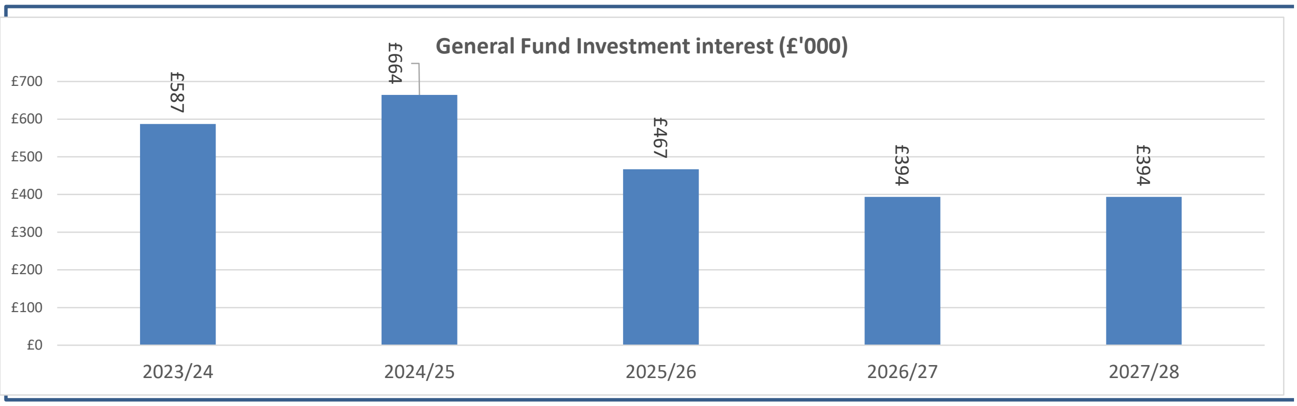


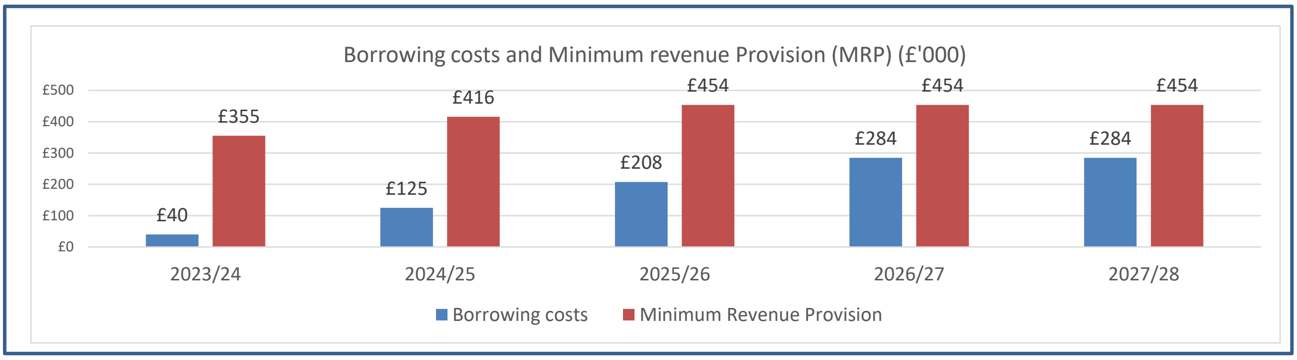


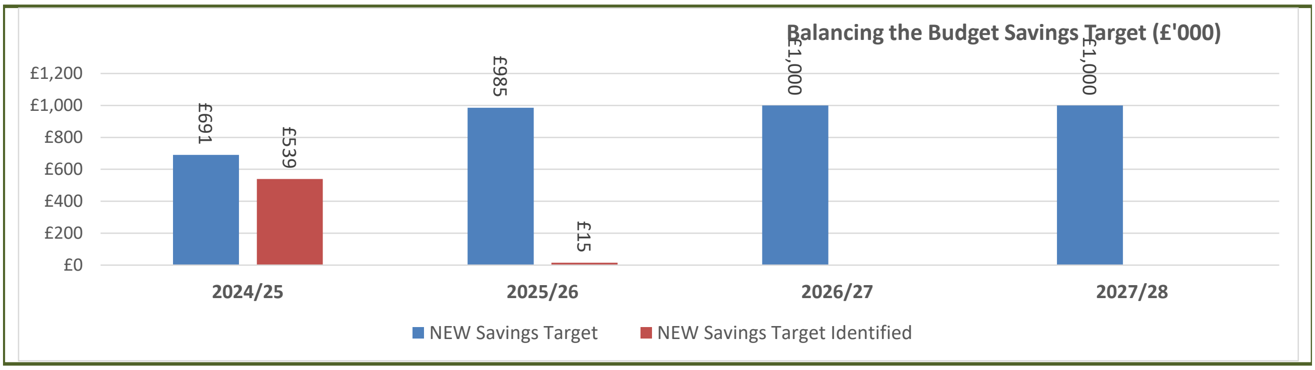


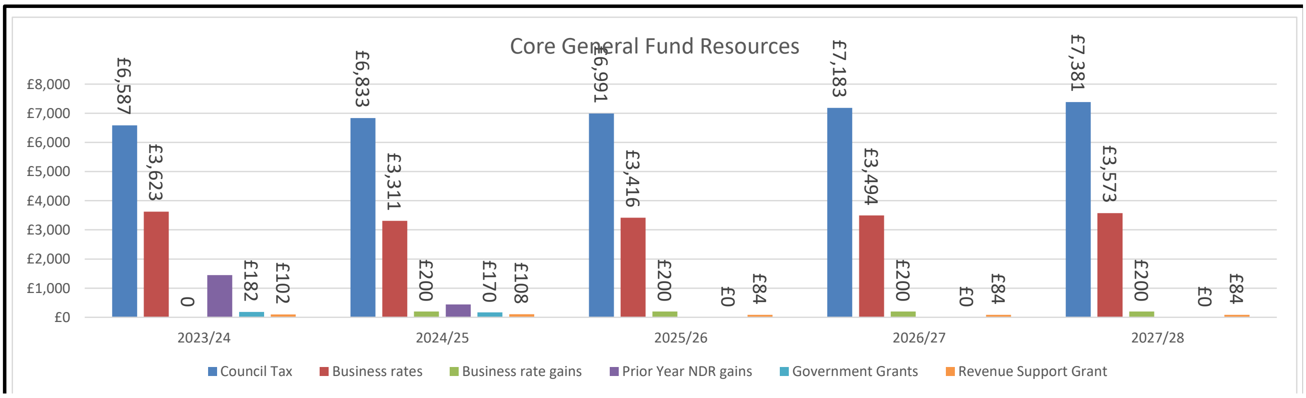
** values shown is the total pressure for the financial year*




General Fund Investment interest (£'000)
£700
£600
£500
£400
£300
£200
£100
£0
£587
£664
£467
£394
£394
2023/24
2024/25
2025/26
2026/27
2027/28


Borrowing costs and Minimum revenue Provision (MRP) (£'000)
£500
£400
£300
£200
£100
£0
£40
£355
£125
£416
£208
£454
£284
£454
£284
£454
2023/24
2024/25
2025/26
2026/27
2027/28
Borrowing costs
Minimum Revenue Provision


Balancing the Budget Savings Target (£'000)
£1,200
£1,000
£800
£600
£400
£200
£0
£691
£539
£985
£15
£1,000
£1,000
2024/25
2025/26
2026/27
2027/28
NEW Savings Target
NEW Savings Target Identified


Core General Fund Resources
£8,000
£7,000
£6,000
£5,000
£4,000
£3,000
£2,000
£1,000
£0
£6,587
£3,623
0
£182
£102
£6,833
£3,311
£200
£170
£108
£6,991
£3,416
£200
£0
£84
£7,183
£3,494
£200
£0
£84
£7,381
£3,573
£200
£0
£84
2023/24
2024/25
2025/26
2026/27
2027/28
Council Tax
Business rates
Business rate gains
Prior Year NDR gains
Government Grants
Revenue Support Grant

Stevenage BOROUGH COUNCIL

Meeting:	**EXECUTIVE**	**Agenda Item:**
Portfolio Area:	Resources	
Date:	**20 September 2023**	

1ST QUARTER REVENUE MONITORING REPORT – GENERAL FUND AND HRA

KEY DECISION

Author – Veronika Mendy/Keith Reynoldson Ext. 2943
Contributor – Brian Moldon, Finance team and budget Managers
Lead Officers – Brian Moldon Ext. 2933
Contact Officer – Brian Moldon Ext.2933

1. PURPOSE

1.1 To update Members on the projected General Fund and Housing Revenue Account (HRA) 2023/24 net expenditure and seek approval to amend the General Fund and HRA budgets as part of the quarterly revenue review.

1.2 To update Members on the reserves and balances available to support revenue expenditure and seek approval for revisions to the allocated reserves.

2. RECOMMENDATIONS

General Fund

2.1 That the 2023/24 1st quarter projected net decrease in General Fund expenditure of £273,020 be approved.

2.2 That Members note the cumulative changes made to the General Fund net budget remains within the £400,000 increase variation limit delegated to the Executive.

2.3 That Members note the proposed movement on reserves as detailed in paragraph 4.2.1

Housing Revenue Account

2.3 That the 2023/24 1st quarter projected net pressure in HRA expenditure of £154,510 be approved.

2.4 That Members approve two budget virements totalling £450K, from planned maintenance budgets, to fund the proposed fencing works as detailed in 4.5.9.

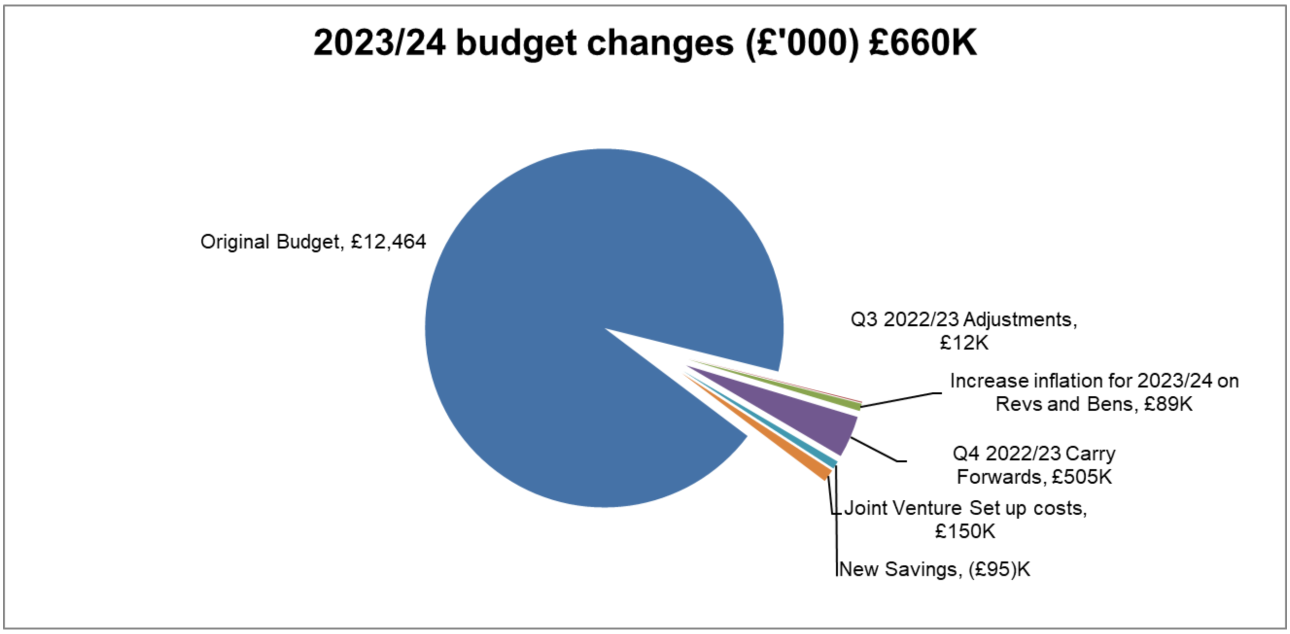
2.5 That Members approve the following approach to fencing works. That the existing backlog of works are prioritised to be completed and new fencing repairs will be added to a waiting list, unless they relate to emergency repairs and those creating a health and safety risk, which will be dealt with immediately. All other repairs will be completed in order of date raised.

2.6 That a budget virement of £238K from revenue contributions to capital, to void property repair costs be approved, as detailed at 4.5.6.

2.7 That Members note the cumulative increases made to the HRA net budget remain within the £400,000 variation limit, delegated to the Executive, in the January 2023 budget report.

3. BACKGROUND - GENERAL FUND

3.1. Since the General Fund net budget of £12,463,780 was approved at Council, Members have approved net budget changes of £660,300 as detailed in the chart below:

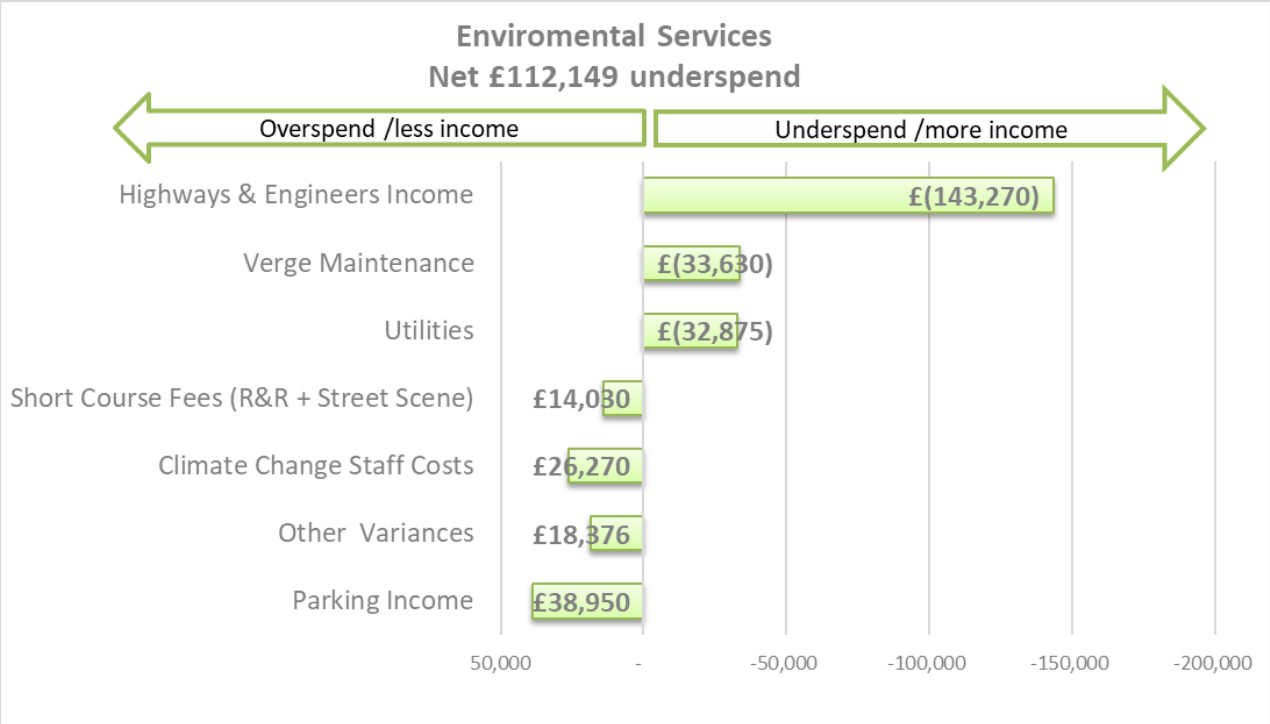


4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 **General Fund – Budget Review**

4.1.1 Following the 1st quarter review of the General Fund budgets officers have identified a projected reduction in the forecast budget for the year of £273,020. A detailed analysis is set out below by service area.

4.1.2 **Environmental Services** is forecasting an increase in income/reduction in expenditure for 2023/24 of £112,149, analysis is reported below:



4.1.3 This is made up of the following forecast additional income and lower costs for the year as follows:

- **Highways & Engineers Fees** – this relates to two major schemes where one off fees have been obtained in relation to the design and appraisal and monitoring of the redevelopment of former Matalan site and the street development agreement fees associated with the Autolus Development (Marshgate).

- **Verge Maintenance** – following negotiations with the Hertfordshire County Council (HCC) to manage the highways verge maintenance, the Council has been able to increase income due for this work of £33,630 and this will contribute towards the Council's 2024/25 'Balancing the Budget' target, further information can be found in the Medium Term Financial Strategy report to this September Executive.

- **Utilities –** information relating to utilities is summarised under bullet point within paragraph 4.1.11.

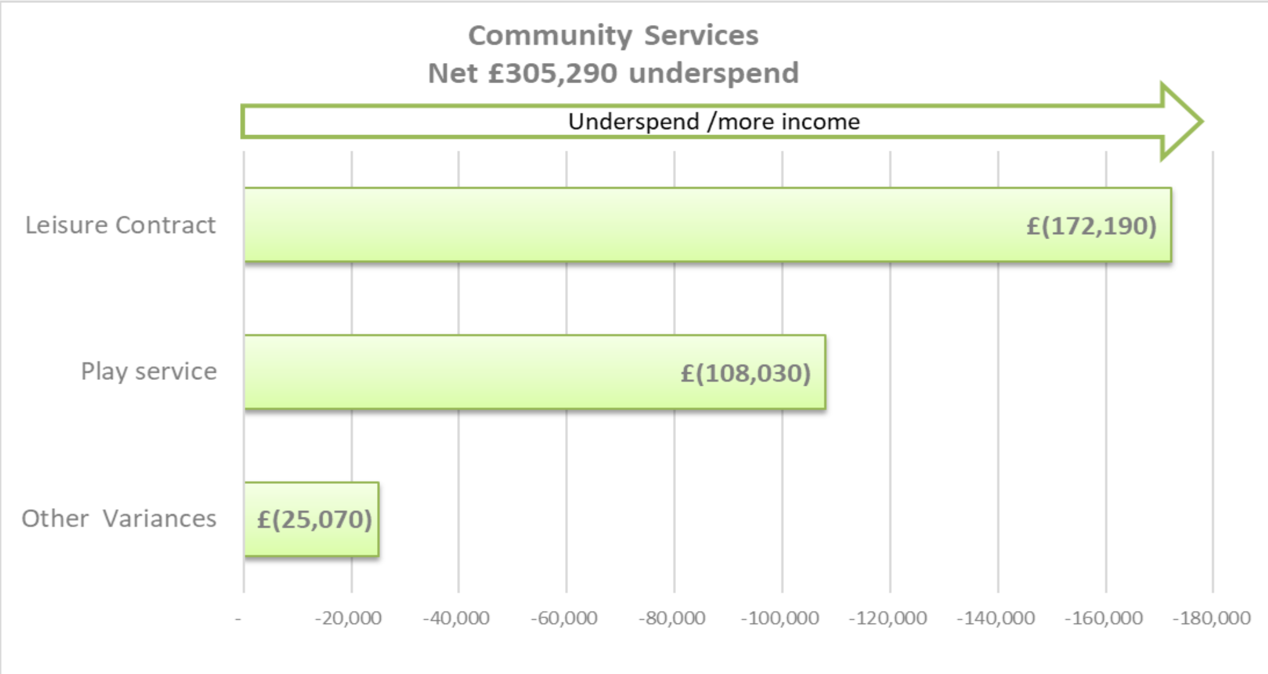
4.1.4 The additional income/underspend are partly offset by the following pressures:

- **Short Course fees** – due to the turnover in staff within the Refuse and Recycling division, there is a need for an increase in mandatory training which has resulted in an in-year pressure on training.

- **Parking income** – there is a £38.9K pressure within on-street parking income from disruption and some reduction in spaces due to roadworks.

- **Other variances -** a combination of small variances across the service.

4.1.5 **Community Services** is forecasting an increase in income/reduction in expenditure for 2023/24 of £305,290, analysis is reported below:

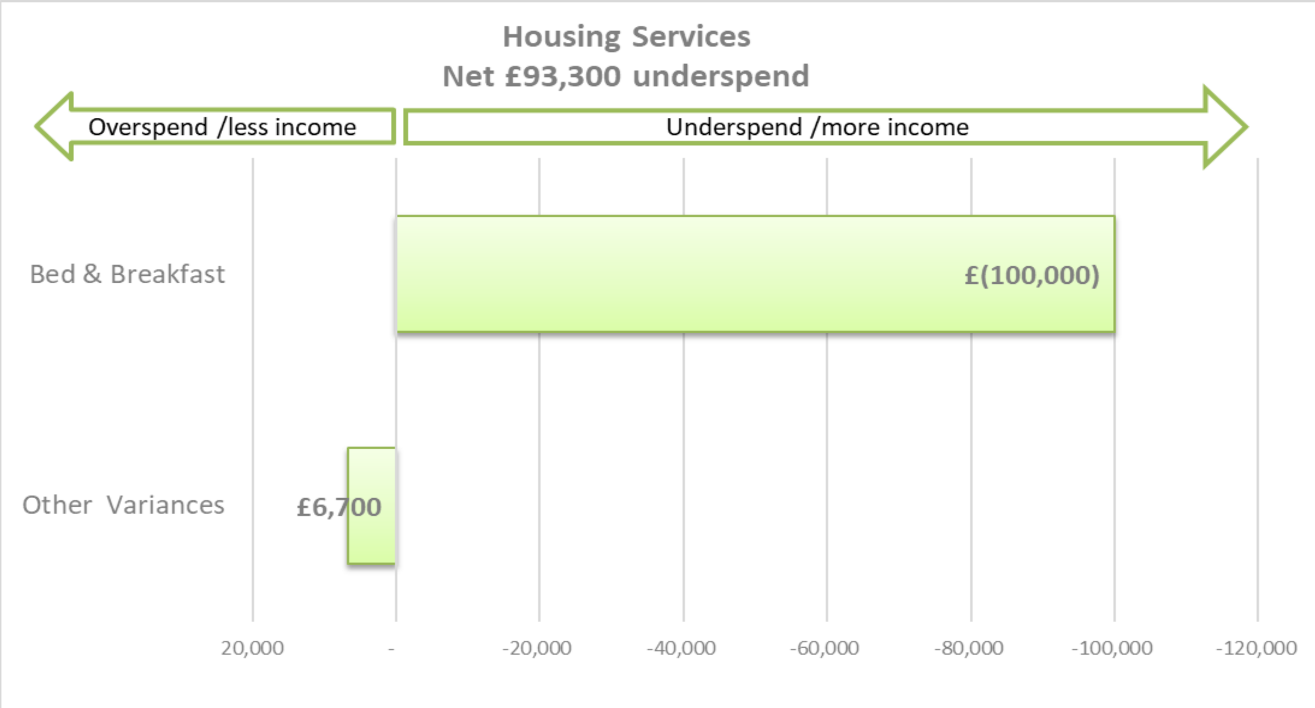


- **Leisure contract** –The new leisure contract required capital investment of circa. £1.2Million and the 2023/24 original budget included a budget for MRP and interest. However, this charge is embedded within the management fee and therefore the MRP and interest budgets of £172K are not required and this will contribute towards the Council's 2024/25 'Balancing the Budget' target.

- **Play** – it was anticipated that closure of the Play service in 2023/24 would take around six months to implement. However, the consultation on the cessation of the service was concluded ahead of the estimated budgeted time resulting in lower costs for the year.

- **Other variances -** a combination of small variances across the service.

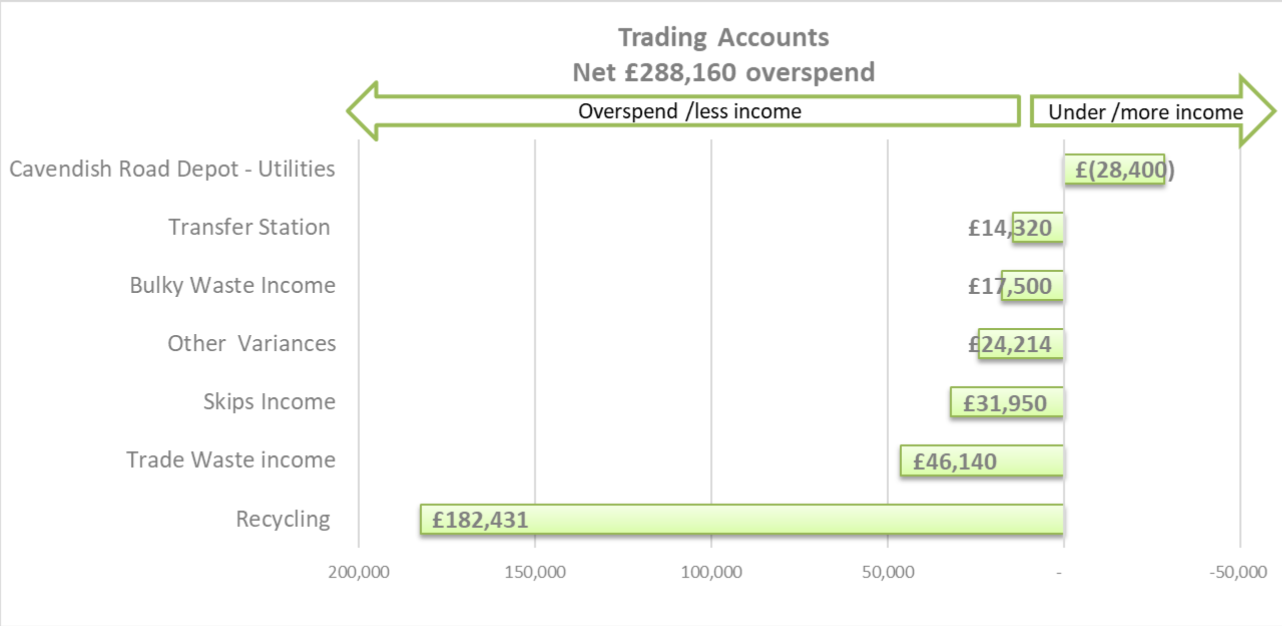
4.1.6 **Housing Services** is forecasting an increase in income/reduction in expenditure for 2023/24 of £93,300, analysis is reported below:



- **Bed & Breakfast** – due to the proactive approach by the Council to increase Council owned accommodation available for Bed and Breakfast spaces, through the purchasing of additional properties, the current forecast is an on-going surplus of £100K, leaving a budget of £80K. This underspend will contribute towards the Council's 2024/25 'Balancing the Budget' target, subject to no significant increase in homeless numbers.

- **Other variances -** a combination of small variances across the service.

4.1.7 **Trading Account** is forecasting a reduction in income/increase in expenditure for 2023/24 of £288,160, analysis is reported below:



- **Utilities (Cavendish Road depot) –** please see utilities bullet point within paragraph 4.1.11 below for more information.

- **Transfer Station** – this pressure relates to a delay in opening up to the public the transfer station where it was anticipated that income would start from April. Latest start date is 2023/24 quarter three.

- **Bulky Waste** – this service is continuing to receive lower demands than originally considered, although is in line with the previous year. Work is ongoing to look at the opportunities to promote the service with the Commercial team.

- **Other variances** - a combination of small variances across the service.

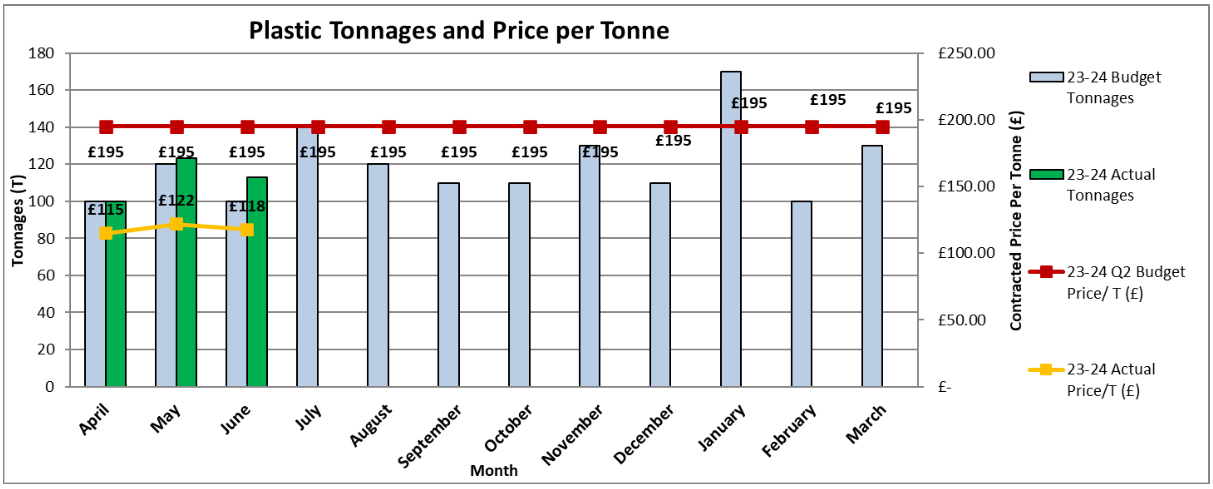
- **Skips** – demand for this service in year has remained lower than budgeted for. However, there has been a recent "pay by weight" offer to commercial customers with anticipation to start delivering results shortly. The Commercial Team will continue to promote this service throughout the year, and this includes being more proactive in the market.

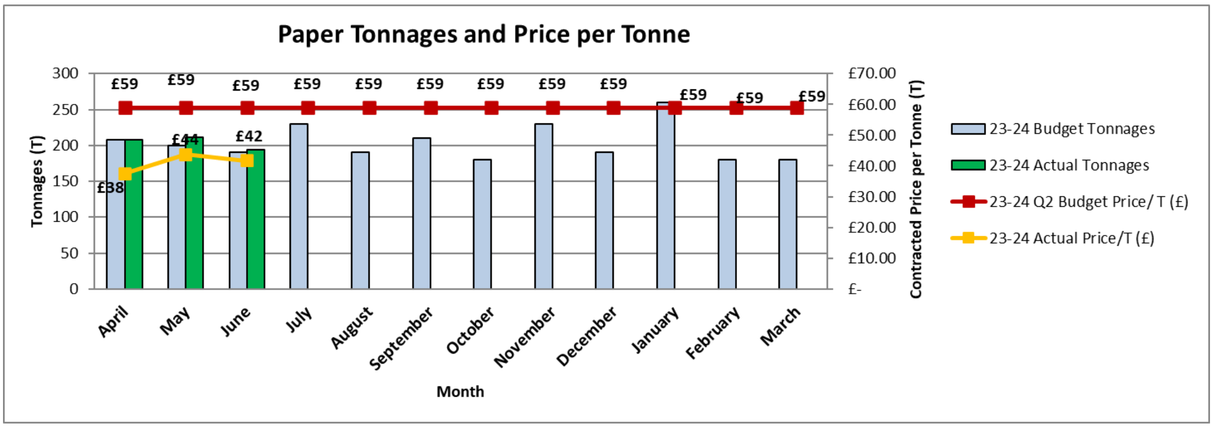
- **Trade Waste** – demand for this service in year has remained lower than budgeted for. Although, there is an improvement on the previous year numbers following the increased promotion of the service by the Commercial Team, with further implementation of marketing plan going forward. A comprehensive review of the service has been carried out including a full market segmentation exercise.

- **Recycling** –the recycling pressure of £182K has arisen as a result of three main areas as follows:

    I. Recycle income reduction of £79K – this relates to income the Council receive from recycling the paper and plastics collected. Although the tonnage collected is slightly up on last years, the price per tonnage the

Council receives is lower than anticipated when the budget was set. It should be noted that this market is very volatile from global demand as well as energy prices.

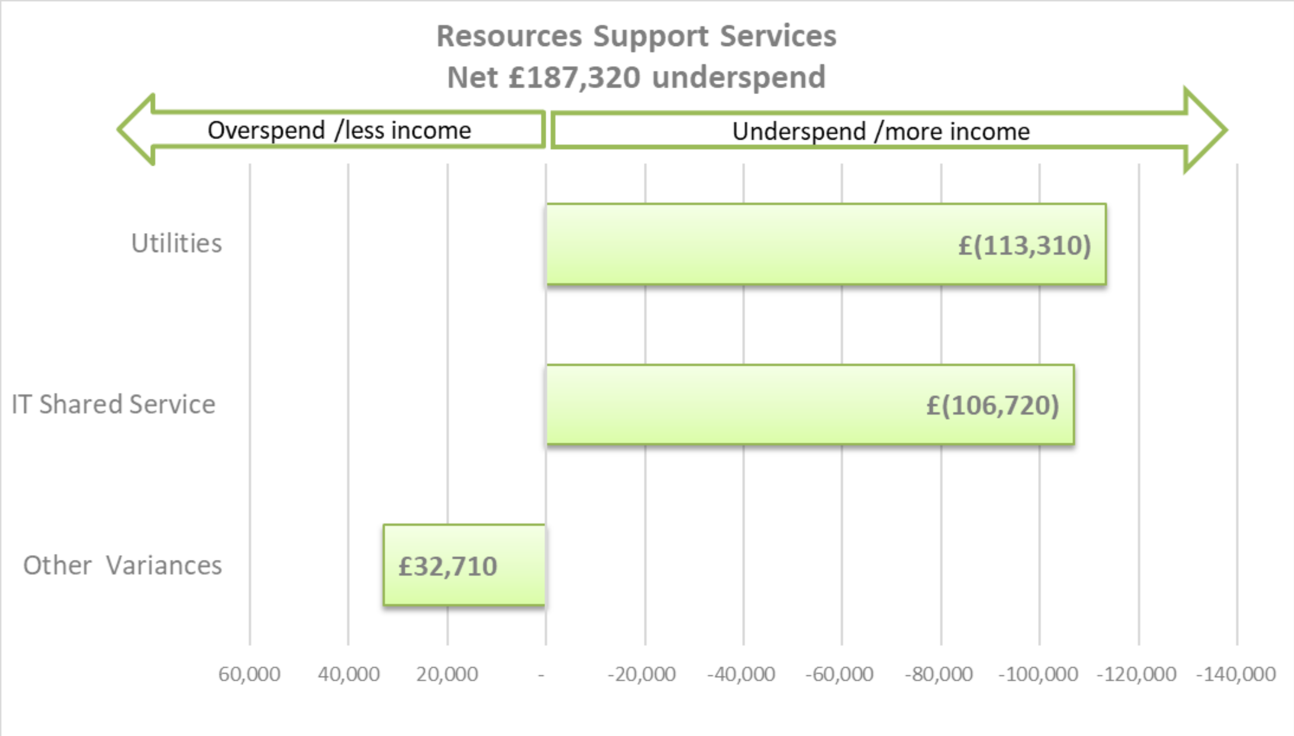




II. Recycle costs of £21K – this relates to hiring of some vehicles each year to manage the green waste that is collected during spring and summer.

III. HCC Alternative Financial Model (AFM) income reduction of £82K– the Council assumed income from HCC based on tonnage of residual waste collected (the less collected in residual, the more income received). Since closing the 2022/23 accounts, the calculation from HCC shows a higher level of residual waste collected than projected for 2022/23, reducing the income due to the Council, the scheme ended in 2022/23.

4.1.8 **Resources – Support Services** is forecasting an underspend/additional income for 2023/24 of £187,320, the analysis is reported below:



4.1.9 The areas relating to the Quarter one variances are made up of the following:

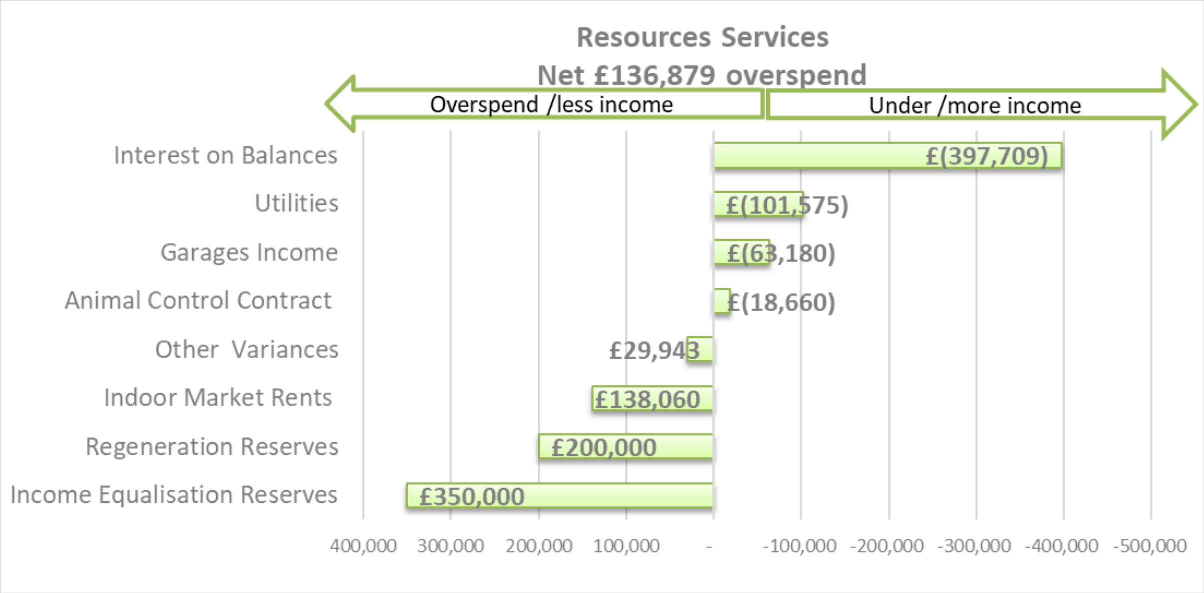
- **Utilities** – please see utilities bullet point within paragraph 4.1.11 below for more information.

- **IT Shared Service** – this relates to additional income that was not included when the budget was set for 2023/24. However, this offset the increased cost pressure reported in the Quarter four 2022/23 report relating to the Shared Revenues & Benefits Shared service.

4.1.10 The above income has been offset by the following pressures:

- **Other variances** - a combination of small variances across the service.

4.1.11 **Resources Services** is forecasting a reduction in income/increase in expenditure for 2023/24 of £136,879 analysis is reported below:



- **Interest on Balances** – this relates to both the Council investment income on balances and borrowing costs associated with capital financing. The variance relates to the following:
  - **I. Investment income** – when the Council set its budget, Bank of England rate was at 3.5% (January 2023), since then there have been five increases in the bank rate, with the current rate at 5.25% (August 2023). This has resulted in an improvement on investment received (for the General Fund) of around £186K.
  - **II. Borrowing costs** – an increase in borrowing costs would mean borrowing costs would go up, however the Council is currently internally borrowing, (using its own resources) to fund capital expenditure. This has meant a reduction in the external cost of loans reducing General Fund spend by £205K. However, this has also suppressed the investment income projected albeit by a less amount. Decisions to use internal borrowing to PWLB is closely monitored with Council's treasury advisors to ensure the Council maximises resources.

- **Utilities –** the utility contract fixes pricing on the 1 April each year and for the larger usage buildings such as Daneshill, Cavendish etc. on the 1 October annually. Since the budget was approved projected increases in utility prices have reduced and the forecast for the renewal at the 1 October is lower than budgeted and provides a forecast in-year saving.

- **Garage income** – the Council has a robust process for managing and assigning new tenants to garages following the introduction of the digital platform where all vacant garages are advertised for letting. In addition, there has been a programme of reducing void garages which has also improved income levels.

- **Animal Control Contract** – the identified saving on the reletting of the Animal Control contract will contribute to the 'Balancing the Budget' savings target for 2024/25.

- **Other variances** - a combination of small variances across the service.

- **Indoor Market** – there is an income pressure within the Indoor Market with the volume of voids increasing to 39% currently, up from 31% from this time last year. This represents a 30% reduction (£138K) in the 2023/24 income budget of £457K.

- **Movement to Regeneration reserve** - the £200K transfer into reserve was approved as part of the MTFS that went to Executive in September 2022 should there be a 2022/23 net General Fund underspend.

- **Movement to Income Equalisation reserve** - With the projected reduction in recycling and indoor market income, (identified in this report), the CFO recommends that £350K of Quarter one underspends are transferred to the income equalisation reserve to support the financial resilience of the General Fund, should these income pressures continue into 2024/25.

4.1.12 The cumulative changes made to the General Fund net budget as agreed at Council February 2023 remains within the £400,000 increase variation limit delegated to the Executive. The total value of changes is an underspend of £273,020 based on the first quarter.

Executive Delegation - General Fund	£'000
Original Net General Fund Budget	**12,464**
Changes agreed at Council July 23	661
Revised GF Budget agreed	**13,124**
Quarterly monitoring Q1	(273)
Updated GF Budget	**12,851**
Within Executive Delegated Limit	**673**

4.1.13 **Core Resources** – The Revenue Support Grant of £102K was included in the overall calculation for the amount of business rates or baseline assessment. However, this should have been excluded giving the following impacts:

- an increase in the levy (reported Q4 of £51K)
- an increase in grants of £102K, giving a net retained increase of £51K.

4.1.14 Other Pressures - **Pay inflation**. The budgeted pay award was based on 3% increase, however the employer side offer (not yet accepted by the unions) was higher at an average 5.4%, it is estimated that based on the current employers offer the additional cost will be in the region of £457K. This is not yet been added to the General Fund budgets projections and is for note until the pay offer is approved.

4.1.15 Cumulative analysis of variance can be found in the table below. This shows a in year underspend which will enable the Council to support future pressure of pay award which has not been incorporated in the figures.

Description	£'000
On going budget reductions to support MTFS Balancing the Budgets for 2024/25	(388)
Projected utility price changes	(276)
Income stream pressures	234
Transfer to reserves	550
Interest on Balances	(398)
Other	5
Total	**(273)**

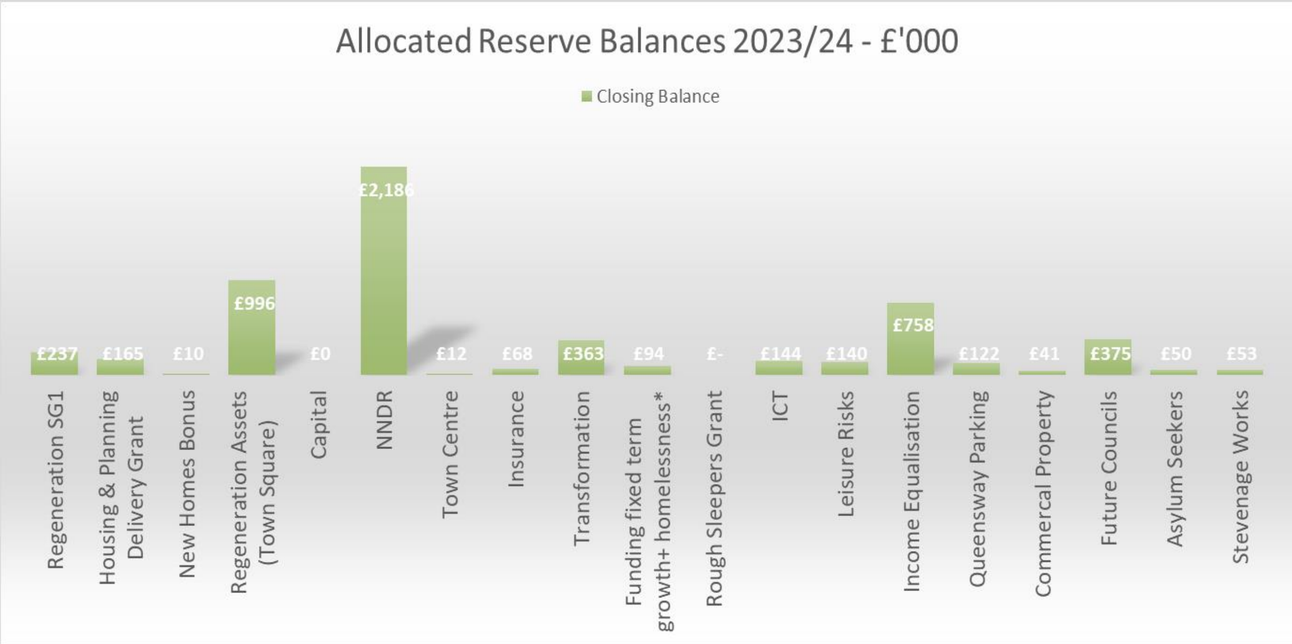
4.2 **Review of General Fund Balances**

4.2.1 **Allocated Reserves -** these balances are 'ring fenced' and have been set aside for specific purposes. The estimated total value of (revenue) allocated reserves as at 31 March 2024 is **£5,812,229**, (31 March 2023, £5,556,446). During Quarter one, the following movement between reserves have been recommended.

Reserves	Previously Approved	Q1 To Be Approved
Regeneration reserve	200,000	(159,020)
Leisure reserve	-	(10,000)
Rough Sleepers reserve	-	(192,960)
Homelessness reserve	-	(141,800)
Transformation reserve	-	(74,250)
NNDR earmarked reserve	(38,650)	
ICT reserve	-	(183,410)
Future Council reserve	-	(375,000)
Income Equalisation reserve		350,000
Total	**161,350**	**(786,440)**

- Regeneration – the drawdown on the reserve is the latest phasing of expenditure for the year, based on Regeneration teams current work activity.
- Leisure - drawdown relates to a final legal invoice relating to the new leisure contract.
- Rough Sleepers and Homelessness reserves – shows the latest phasing of expenditure for the year against those reserves where Government funding was provided.
- Transformation – forecast drawdown for the year, for the delivery of projects to assist the Council in the 2024/25 'Balancing the Budget'.
- ICT reserve drawdown relates to the additional Cyber Security works and licences for the year and is matched by additional spend.
- Future Council reserve which is Government funding the Council received to support digital resilience and cyber work is the latest estimated phasing of expenditure for the year.

4.2.2 Below shows the current forecast closing balances on the allocated reserves after taking into account the above movement.



4.2.3 General Fund Balance – Following the 1st quarter review the General Fund balance as at the 31 March 2024 is now forecast to be £5,045,568.

General Fund Balances	£'000
Original Net General Fund Budget	**12,464**
Approved budget changes	660
Net Working budget approved to Date	**13,124**
1st Quarter Review	(273)
Total Net Expenditure post Q1 review	**12,851**
less core resources	(11,841)
Movement in core resources at Q1	(102)
Transfer (to)/from General Fund balances	**908**
General Fund balance 31/3/23	**(5,954)**
Transfer (to)/from General Fund balances	**908**
Projected General Fund balance 31/3/24	**(5,046)**
Allocated Revenue Reserves (Paragraph 4.2)	(5,812)
Total General Fund Revenue balances (estimated 31/3/24)	**(10,858)**

4.3 **Review of Savings** – As part of the 2023/24 budget setting, the Council agreed savings of £1.342Million. The table below represents the RAG rated delivery those schemes.

Target	RAG	% of Target
1,172,076	Delivered	87%
167,025	Delay in saving delivery	12%
2,916	Not achieving	0%
1,342,017		

4.3.1 **Green schemes**: The Council is successfully achieving a full delivery on majority of schemes. There is also a potential to achieve further income on Fees and Charges based on reported favourable variance of £190K in Quarter one.

4.3.2 **Amber schemes**: The projected achievement for the year is £52K (31% of £167K target).

- The letting of Shephalbury depot (£64K), Bandley Hill and Pin Green play centres (£65K) are still being negotiated with anticipated delivery of income from January 2024. The shortfall in income is in year only with full delivery anticipated from next year.
- The commercial income from filming (£10K target) is proving to be hard to achieve. The ongoing writers and actors strike in America have impacted this income scheme.
- Indoor Market's increase in rents (from the fees and charges) are suffering from reduced occupancy and further six terminations in Quarter one, mean the projected rent increases for 2023/24 will not be achieved.
- Advertising in Chronicles had a low take up for the Summer issue. Work is progressing to establish more advertising for the next edition. The total projected income for the year is £4.4K leaving £13K gap.

4.3.3 **Red schemes**: The saving scheme on decommissioning of eBase software application (£3K) is being delayed due to the contract extension for another year.

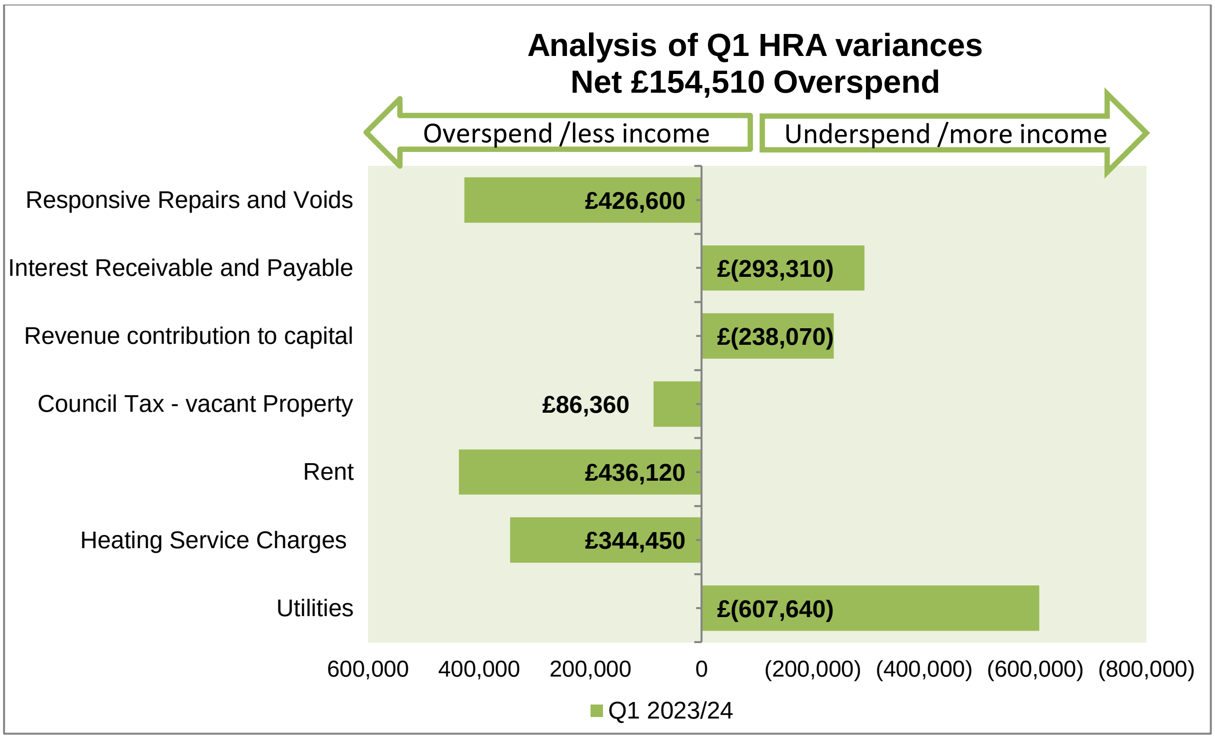
4.4 Housing Revenue Account

4.4.1 Since the Housing Revenue Account (HRA) net budget surplus of £1.792Million was approved at Council in January 2023, Members have further approved net changes of £916K as detailed in the following table.

HRA Working Budget	£'000
Original Budget 2023/24	**(1,792)**
22/23 Q4 Carry Forwards	922
22/23 Q4 Net Projected Saving	(6)
Total Working Budget	**(876)**

4.5 Housing Revenue Account - Budget Review

4.5.1 Following the 1st quarter review of revenue budgets officers have identified and projected the following budget movements.



4.5.2 **Council Tax on void properties £86,360**. Due to capacity issues in managing and turning around the current level of void properties in the stock, some properties have remained unoccupied for longer than normally anticipated. There have also been a small number of empty properties, due to the timing of re-development programmes, that have attracted the higher level of Council Tax applicable to long term empty homes. This has combined to give an estimated pressure on the budget of £86K for the year and assumes that the position will improve with the implementation of the void action plan detailed at 4.5.8.

4.5.3 **Utilities (£607,640).** Due to the current expected reduction in utility costs, there is now an anticipated saving of £608K in year. This is a reduction of £545K in gas and £30K on electricity prices. Additionally, there is a £33K saving to the HRA for a share of cost savings from utilities at Cavendish Depot and Daneshill.

4.5.4 **Heating Service Charges £344,450.** Due to the current uncertainty regarding utility costs for next winter, the Council assured tenants who benefit from communal heating systems that their charges would be adjusted during this year to reflect the actual cost of gas supply paid by the authority. Therefore, the level of cost recovery has been reduced in line with the expected lower costs outlined in 4.5.3 and tenant charges will be reviewed in line with these new projections.

4.5.5 **Rent £436,120.** The original budget for 2023/24 anticipated the addition of 85 affordable rent properties for half of this financial year. However, due to the timing of completion of the development, only 69 of these properties are expected to be operational during the end of the second half of this year. In addition, revised timetables for current developments mean that 21 homeless properties will not provide income this year and are now expected to complete in Quarter one of 2024/25. This is an in-year pressure, as rental incomes will increase when the new homes are commissioned but will lead to a reduction in income of £174k for 2023/24. This has been further compounded by a higher than anticipated level of void unoccupied property, creating a further pressure on rental revenues of £262K. However, with the current action plan in place it is projected that this will improve as the year progresses and will be closely monitored going forward.

4.5.6 **Revenue Contribution to Capital (£238,070).** The original budget had an allowance of £238K to fund capital works. However, officers recommend this is used to fund additional void repairs. This may have a knock-on impact on future years funding and this will be addressed in the HRA Business plan to the November 2023 Executive. (see also paragraph 4.5.8)

4.5.7 **Interest Receivable and Payable (£293,310).** The HRA pays interest on loans taken for two reasons firstly to support capital spending and secondly to pay for the £199Million self-financing settlement to the Government. The HRA also receives a share of the Council's investment interest, based on the HRA's reserve balances. Latest projections indicate that there will be a £37K increase in investment income earned for the year and a saving on loan interest of (£255K) for 2023/24, based on the timing of loans taken and level of internal borrowing. Both of these amounts will be reviewed in the following quarters to reflect any changes in the projections over the rest of this year.

4.5.8 **Responsive Repairs and Voids £426,600. (see also section 4.6)**

Increase cost of voids. There is currently a projected pressure of £427K for repairs and voids, due to the level of void properties. A backlog has built up due to a combination of staff shortages, specialist work required and the number of properties becoming void that has increased with higher levels of temporary accommodation (as these become void more frequently). In order to manage this backlog and return properties to use as soon as possible, the Council has engaged a partner contractor to complete these works. To help mitigate these additional costs in this year, the virement from revenue contribution to capital of £238K is recommended alongside other budget savings within the trading account, as shown below.

Additional Void Works Funding	**£'000**
Increased Void Maintenance Cost	**723**
Funded by savings in repairs and voids (trading account)	
Indirect Staff Cost savings	(40)
Direct Operative Cost savings	(269)
Sub-total	**414**
Virement of RCCO budget	(238)
HRA reserve balances	(176)
Total	**0**

4.5.9 **Fencing Programme.** As members will be aware there has been a build up of fencing works and it was agreed that this backlog of repairs would be addressed through an increase in budgets and a planned programme of work, which commenced in Quarter four of 2022/23. Last year £437K of work was completed and there was a carry forward of £79K of unspent budget. Following the completion of surveys, the scope of works required at each property has been greater than initially anticipated and there have been higher labour and material costs to take into account. To complete the programme of works for this year, it is requested that virements from other planned maintenance budgets of £450K are made and this will give an in year programme of £779K for 2023/24. This will not address the total backlog and additional monies will be recommended as part of the revised HRA business plan for future fencing spend.

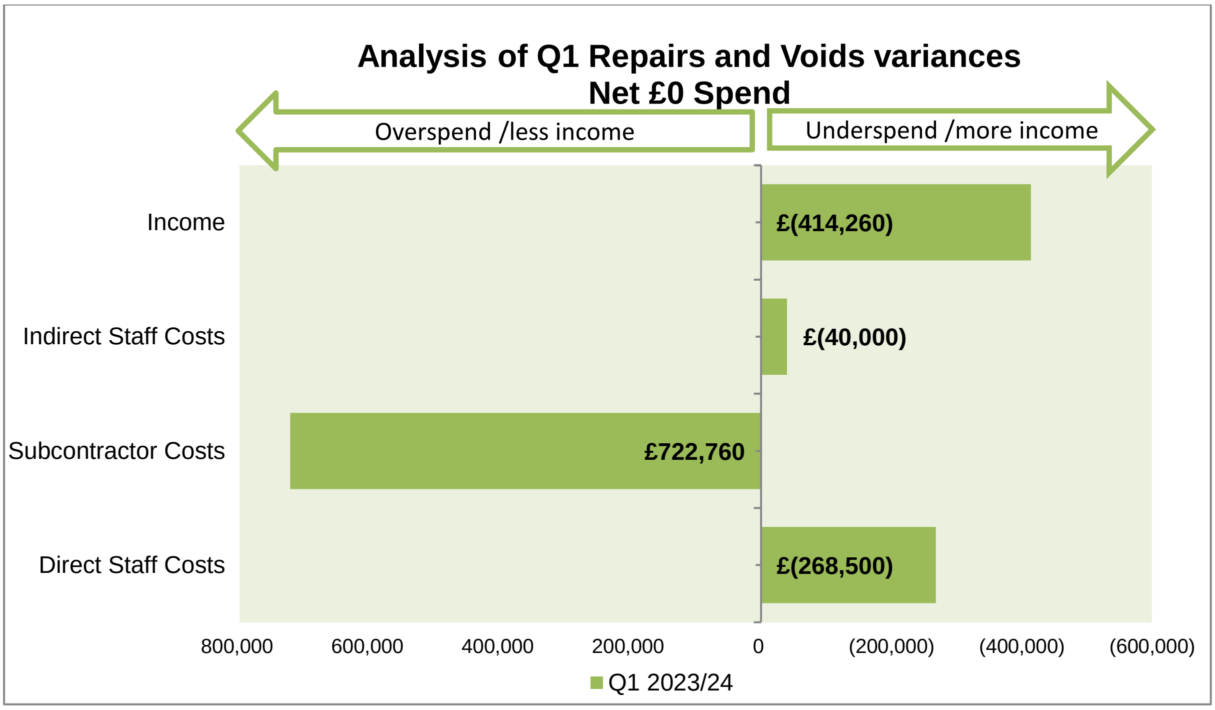
Fencing Programme – budget virements	**£**
Cyclical Maintenance Budget	200,000
Building Safety Budget (revenue works)	250,000
Total Transfer to Fencing Works	**450,000**

4.5.10 **Other Pressures -Pay inflation**. As reported for the General Fund at 4.1.14, the budgeted pay award was based on a 3% increase. However, the employer side offer (not yet accepted by the unions) was higher, at an average of 5.4% for HRA related salary budgets. It is estimated that, based on the current employers offer, the total additional cost will be in the region of £276K. This is currently not included in the projections and is included as a note item in this report, until the pay offer is approved.

4.6 Responsive Repairs and Voids Performance

4.6.1 The net Repairs and Voids trading account financial position is included in the overall HRA as a budget pressure of £426,600. As identified in paragraph 4.5.8 there's increase pressure in voids works with funding recommendation as set out above.

4.6.2 In addition, there is a small £12K adjustment to the trading deficit on the account. The variances in the trading account are detailed below.



4.6.3 **Subcontractor Costs £722,760.** To clear the current level of void properties, the Council have engaged a main supplier to carry out the work. This was not anticipated in the original budget and is currently projected to generate a budget pressure of £723K in this year.

4.6.4 **Income (£414,260)**. As the quantity of void repairs will be higher than budgeted this will generate more income in the trading account (sub contracted to the partner company). However, this has generated a matching budget pressure in the HRA. Income is now expected to be £414K higher than originally calculated.

4.6.5 **Other Pressures – Responsive Repairs Jobs.** Due to an increase in responsive repair requests and cost increases on materials there is currently a potential budget pressure of £150K in this year. However, management are currently putting in place procedures to optimise operative time and reduce sub-contractor costs to contain these pressures within the overall budget. This will continue to be monitored and updated in future reports.

4.7 Housing Revenue Account Balances

4.7.1 Following the 1st quarter review the HRA balance is now forecast to be £11.2Million surplus. The HRA general balance has reduced substantially from last year due to the creation of a £17.2M debt repayment reserve, needed to repay self financing loans within the next five year period.

Housing Revenue Account Outturn Position	£'000
Working Budget – Council 25 January 2024	**(876)**
1st Quarter Net Projected Underspend	155
Projected net Deficit post 1st Quarter review	**(721)**
HRA balance brought forward 1/4/23	**(10,519)**
Deficit in year	(721)
Projected HRA balance 31/3/2024	**(11,240)**
Remaining Executive Delegated Limit	**245**

5 IMPLICATIONS

5.1 Financial Implications

5.1.1 This report is financial in nature and consequently financial implications are included above. The impact of these changes for future years will be incorporated into the budget setting process.

5.2 Legal Implications

5.2.1 The objective of this report is to outline the projected General Fund net expenditure for 2023/24 and the impact on the General Fund balances. While there are no legal consequences at this stage Members are reminded of their duty to set a balanced budget.

5.3 Equalities and Diversity Implications

5.3.1 This report summarises external and internal factors that impact on approved budgets and recommends changes to those budgets in year. Budget changes identified for future years that could adversely impact on groups covered by statutory equality duties will be incorporated into the budget setting process which includes Equality Impact Assessments (EqIA). None of the budget changes reported will change any existing equalities and diversity policies.

5.3.2 The service department has been asked to look at the equalities and diversity implications in the increase in void re-let times and any potential impact on protected groups.

5.4 Risk Implications

5.4.1 A risk based assessment of balances is undertaken and reported to Council as part of the General Fund Budget setting process. Both the General Fund and HRA balances are projected to be above minimum levels.

5.4.2 Inflationary pressures continue to be a financial risk to both the HRA and General Fund, in the form of higher borrowing, wages and material costs, these risks will be continued to be reviewed as part of the budget monitoring and setting process.

5.5 Policy Implications

5.5.1 The budget framework represents a development of a policy led budgeting approach across Council services and the overall Medium Term Financial Strategy.

5.6 Climate Change Implications

5.6.1 The Budget and Policy setting process prioritised growth for climate change as part of the 2022/23 budget setting process. The 2022/23 process should have due regard for climate change implications based on the Council's Climate Change Strategy. There are no direct climate change implications from the budget changes in this report.

6. BACKGROUND PAPERS

BD1 – 2023/24 Council Tax Setting and General Fund Budget (Council 23 February 2023)

BD2 – Final Housing Revenue Account Budget Setting and Rent Report 2023/24 (Council 25 January 2023)

BD3 – 4th Quarter Monitoring Report General Fund and Housing Revenue Account 2022/23 (Executive 18 July 2023)

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Part I
Release to Press

AUDIT COMMITTEE/ EXECUTIVE / COUNCIL

Portfolio Area: Resources

Date: **6 September 2023 / 20 September 2023 / 18 October 2023**

ANNUAL TREASURY MANAGEMENT REVIEW 2022/23 AND PRUDENTIAL INDICATORS

NON-KEY DECISION

Author – Rhona Bellis
Contributor – Belinda White
Lead Officer – Brian Moldon
Contact Officer – Brian Moldon

1 PURPOSE

1.1 To review the operation of the 2022/23 Treasury Management and Investment Strategy.

2 RECOMMENDATIONS

2.1 Audit Committee

That, subject to any comments by the Audit Committee to the Executive, the 2022/23 Annual Treasury Management Review be recommended to Council for approval.

2.2 Executive

That, subject to any comments made by the Executive, in addition to those made by the Audit Committee, the 2022/23 Annual Treasury Management Review be recommended to Council for approval.

2.3 Council

That, subject to any comments from the Audit Committee and the Executive, 2022/23 Annual Treasury Management Review be approved.

3 BACKGROUND

3.1 Regulatory Requirement

3.1.1 The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2022/23. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).

3.1.2 During 2022/23 the minimum reporting requirements were that the Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council 24 February 2022)
- a mid-year treasury update report (Council 14 December 2022)
- an annual review following the end of the year describing the activity compared to the strategy (this report).

3.1.3 In December 2017, CIPFA revised the Code to require, all local authorities to report on:

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
- an overview of how the associated risk is managed; and
- the implications for future financial sustainability.

These elements are covered in the annual Capital Strategy reported to Council in February each year.

3.1.4 The regulatory environment places responsibility on Members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council’s policies previously approved by Members.

3.1.5 This report summarises:

- Capital activity during the year;
- Impact of this activity on the Council’s underlying indebtedness (the Capital Financing Requirement);
- The actual prudential and treasury indicators;
- Overall treasury position identifying how the Council has borrowed in relation to this indebtedness, and the impact on investment balances;
- Summary of interest rate movements in the year;
- Detailed debt activity; and
- Detailed investment activity.

Part I
Release to Press

3.1.6 Officers confirm that they have complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Audit Committee and the Executive before they were reported to the Council.

3.2 Executive Summary

3.2.1 During 2022/23, the Council complied with its legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows:

Table 1

Prudential and treasury indicators	31.3.22 Actual £000	2022/23 Original £000	31.3.23 Actual £000
Capital expenditure GF HRA **Total**	 24,106 36,727 **60,833**	 30,510 64,666 **95,176**	 17,814 43,966 **61,780**
Capital Financing Requirement: GF HRA **Total**	 46,366 258,581 **304,947**	 45,802 277,784 **323,586**	 49,733 264,585 **314,318**
Gross borrowing	**234,820**	**285,304**	**235,057**
Investments • Longer than 1 year • Under 1 year • Total	 7,300 61,450 68,750	 7,300 40,435 47,732	 2,300 40,985 43,285
Net borrowing	**166,070**	**237,572**	**191,772**

Other prudential and treasury indicators are to be found in the main body of this report. The Chief Finance Officer also confirms that borrowing (internal and external) was only undertaken for a capital purpose and the statutory borrowing limit (the authorised limit) was not breached.

3.2.2 It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the year the Council has operated within the treasury and prudential indicators set out in the Council’s Treasury Management Strategy Statement for 2022/23.

3.2.3 All treasury management operations have also been conducted in full compliance with the Council's Treasury Management Practices.

4 THE COUNCIL'S CAPITAL EXPENDITURE AND FINANCING

4.1.1 Capital expenditure[1] can be financed either by capital resources the Council has on its balance sheet (e.g. capital receipts and capital grants) or by making a revenue contribution to capital. If sufficient capital resources are not available to fund the expenditure the Council would need to borrow to meet the funding gap. This borrowing may be taken externally in new loans or internally from cash balances held by the Council. The need to borrow is measured and reported through the Prudential Indicators.

4.1.2 The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed.

Table 2

2022/23 Capital Expenditure and Financing			
	31.3.22 £'000	2022/23 Working Budget £'000	31.3.23 £'000
General Fund			
Capital Expenditure:	24,106	23,927	17,814
Financed excluding borrowing	(11,743)	(23,927)	(12,928)
Unfinanced capital expenditure (borrowing)	**12,363**	**0**	**4,886**
HRA			
Capital Expenditure:	36,727	42,338	43,966
Financed excluding borrowing	(11,730)	(42,338)	(39,392)
Unfinanced capital expenditure (borrowing)	**24,997**	**0**	**4,574**

4.2 THE COUNCIL'S OVERALL BORROWING NEED

4.2.1 The Council's underlying need to borrow to finance capital expenditure is termed the Capital Financing Requirement (CFR). It represents the amount of debt it needs to/has taken out to fund the capital programme (and includes both internal and external borrowing). The CFR is then reduced as debt repayments are made and Minimum Revenue Provisions are made. A separate CFR is calculated for the General Fund and Housing Revenue Account and any transfers of assets (such as land or buildings) between the two accounts will impact on each fund's CFR. The CFR will go up on the fund "receiving" the assets and go down (by the same amount) on the fund "giving" the asset.

4.2.2 The Council's 2022/23 Minimum Revenue Provision Policy (MRP), as required by DLUHC Guidance, was approved as part of the Treasury Management Strategy Report for 2022/23 on 24 February 2022.

[1] Council expenditure can be classified as capital when it is used to purchase assets with a life of more than one year, exceeds £5,000 in value and meets the guidelines laid out in CIPFA accounting practices.

The MRP charged to the General Fund in 2022/23 was £214,609 of which:

- £35,119 is funded from investment property
- £48,787 is funded by the Garage Improvements Programme
- £130,703 is a net cost to the General Fund

4.2.3 The Council's CFR for the year is shown below, and represents a key prudential indicator. It includes finance leases included on the balance sheet, which increase the Council's borrowing need. No borrowing is actually required against these schemes as a borrowing facility is included in the contract.

Prudential Indicator – Capital Financing Requirement
Table 3

CFR (£'000): General Fund	**31.3.22 Actual**	**2022/23 Budget**	**31.3.23 Actual**
Opening balance *	35,516	37,920	46,366
Add: unfinanced capital expenditure (as above)	12,363	8,448	4,886
Less:			
Unfinanced capital expenditure from prior years now financed	(757)		(510)
MRP	(195)	(473)	(215)
Finance lease repayments	(561)	(93)	(239)
Appropriations to / from HRA	0	0	(540)
Other	0	0	(15)
Closing balance	**46,366**	**45,802**	**49,733**

* Includes a £11Million technical adjustment for Queensway LLP and £7Million of Local enterprise Partnership (LEP) loans.

CFR (£'000): HRA	**31.3.22 Actual**	**2022/23 Budget**	**31.3.23 Actual**
Opening balance	233,093	262,144	258,581
Add:			
Unfinanced capital expenditure (as above)	24,997	15,640	4,574
New finance lease	491	0	890
Appropriations to / from GF	0	0	540
Closing balance	**258,581**	**277,784**	**264,585**

4.2.4 Borrowing activity is constrained by prudential indicators for gross borrowing and the CFR, and by the authorised limit.

4.3 Limits to Borrowing Activity

4.4 Gross borrowing and the CFR - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2022/23) plus the estimates of any additional capital financing requirement for the current (2023/24) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allowed the Council some flexibility to borrow in advance of its immediate capital needs in 2022/23. The table below highlights the Council's gross borrowing position against the CFR. The Council has complied with this prudential indicator.

Table 4

	31.3.22 Actual £'000	2022/23 Budget £'000	31.3.23 Actual £'000
Gross borrowing position	£234,820	£285,304	£235,057
CFR	£304,947	£323,586	£314,318
(Under) / over funding of CFR	**(£70,127)**	**(£38,282)**	**(£79,261)**

4.5 The **authorised limit** - the authorised limit is the "affordable borrowing limit" required by s3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The table below demonstrates that during 2022/23 the Council has maintained gross borrowing within its authorised limit.

4.6 The **operational boundary** – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached.

4.7 **Actual financing costs as a proportion of net revenue stream** - this indicator identifies the trend in the cost of capital, (borrowing and other long term obligation costs net of investment income), against the net revenue stream.

Table 5

Authorised limits	**HRA 2022/23 £m**	**GF 2022/23 £m**
Authorised limit	280	82
Maximum gross borrowing position during the year	226	9
Operational boundary	268	67

Authorised limits	**HRA 2022/23 £m**	**GF 2022/23 £m**
Average gross borrowing position	226	9
Financing costs as a % of net revenue stream	17%	6%

4.8 TREASURY MANAGEMENT ACTIVITIES

4.9 TREASURY POSITION AS AT 31 MARCH 2023

4.9.1 The Council's treasury management debt and investment position is organised by the treasury management service in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through Member reporting detailed in the summary, and through officer activity detailed in the Council's Treasury Management Practices.

4.9.2 At the end of 2022/23 the Council's treasury position (excluding finance leases), was as follows:

Table 6

Treasury Position						
	2021/22			**2022/23**		
	31 March 2022 Principal £'000s	**Rate / Return %**	**Average Life (Yrs)**	**31 March 2023 Principal £'000s**	**Rate / Return %**	**Average Life (Yrs)**
PWLB Borrowing	227,750	3.28	13	227,487	3.28	12
Other Borrowing (LEP)	7,070	0	8	7,570	0	7
Total Debt	**234,820**			**235,057**		
Capital Financing Requirement	304,947			314,318		
Total Investments	79,930			55,241		
Over/(Under) borrowing	**9,803**			**(24,020)**		

The maturity structure of the debt portfolio was as follows:

Table 7

Debt Maturity Structure	31.3.22 Actual £'000	2022/23 original limits £'000	31.3.23 Actual £'000
Within 1 Year	0		0
Over 1 not over 2 years	263		500
Over 2 not over 5 years	15,570		26,026

Debt Maturity Structure	31.3.22 Actual £'000	2022/23 original limits £'000	31.3.23 Actual £'000
Over 5 not over 10 years	57,656		64,700
Over 10 not over 15 years	99,963		100,663
Over 15 not over 20 years	51,811		37,658
Over 20 not over 30 years	4,557		5,510
Over 30 years	5,000		0
Total Debt	**234,820**	**362,503**	**235,057**

Investment Portfolio	31.3.22 Actual £000	31.3.22 Actual %	31.3.23 Actual £000	31.3.23 Actual %
Treasury investments – all managed in house				
Banks and Building Societies	55,000	80%	26,600	61%
Local authorities	7,300	11%	7,300	17%
Money Market Funds	6,450	9%	9,402	22%
Total treasury investments	**68,750**	**100%**	**43,302**	**100%**

Non-Treasury investments				
Subsidiaries	11,180	100%	11,939	100%
Total Non-Treasury Investments	**11,180**	**100%**	**11,939**	**100%**
Treasury investments	68,750	86%	43,302	78%
Non-Treasury investments	11,180	14%	11,939	22%
Total of all Investments	**79,930**	**100%**	**55,241**	**100%**

The maturity structure of the investment portfolio was as follows:

Table 8

Investment Maturity Structure	31.3.22 Actual £000	31.3.23 Actual £000
Within 1 Year	61,451	41,003
Longer than 1 year	18,479	14,238
Total Investments	**79,930**	**55,241**

4.9.3 In addition to the PWLB borrowing, the General Fund also has loans from the Local Enterprise Partnership (LEP) in relation to regeneration activities. Subject to discussion, these loans (£7,570k) are repayable, £500k in 2025 and the balance in 2030.

4.9.4 The non-treasury loan to the subsidiary is the loan made to Marshgate LTD (WOC), for the purchase and development of housing within the Borough in 2021/22 and 2022/23.

4.9.5 The fall in the treasury investment balances of £25m between 31 March 2022 and 31 March 2023 mainly reflects the use of internal borrowing to fund the capital programme rather than borrowing externally over the two years to 31 March 2023.

4.10 TREASURY MANAGEMENT STRATEGY 2022/23

4.10.1 The Treasury Management Strategy was approved by Council on 24 February 2022.

There are no policy changes to the TMS; the details in this report update the position in the light of the updated economic position and budgetary changes already approved.

4.11 Borrowing

4.11.1 During 2022/23, the Council maintained an under-borrowed position and no new external borrowing was taken during the year. This meant that the capital borrowing need, (the Capital Financing Requirement), was not fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as interest rates on investments were initially low and this also minimised counterparty risk.

4.11.2 The policy of avoiding new borrowing by running down spare cash balances has served the Council well over the last few years. However, this has been kept under review to avoid incurring higher borrowing costs in the future when the Council may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt. The Council has taken some limited borrowing in 2023/24 to ensure the Council's cashflow position is resilient and to ensure that if interest rates increase, large amounts of borrowing required are not all taken at higher rates.

4.11.3 Interest rate forecasts were initially suggesting only gradual rises in short, medium and longer-term fixed borrowing rates during 2022/23 but by August it had become clear that inflation was moving up towards 40-year highs, and the Bank of England engaged in monetary policy tightening at every Monetary Policy Committee meeting during 2022, and into 2023, either by increasing Bank Rate by 0.25% or 0.5% each time. Currently the CPI measure of inflation has fallen back to 6.8% by July 2023 in the UK but is expected to fall back towards 4% by year end. Nonetheless, there remain significant risks to that central forecast.

4.11.4 The PWLB certainty rate is gilts plus 80bps. During the year, gilt yields rose from the start of 2021, peaking in the autumn of 2022.

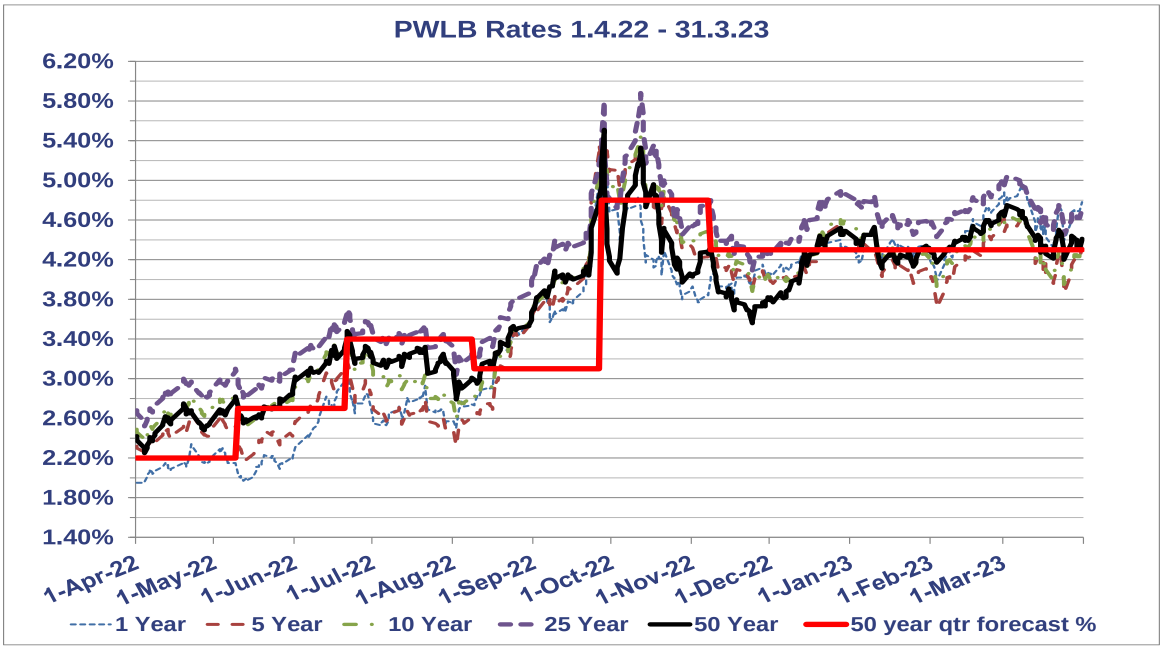
4.11.5 There is likely to be a fall in gilt yields and PWLB rates across the whole curve over the next one to two years as Bank Rates first rise to dampen inflationary pressures and is then cut as the economy slows, unemployment rises, and inflation (on the Consumer Price Index measure) moves closer to the Bank of England's 2% target.

4.11.6 As a general rule, short-dated gilt yields will reflect expected movements in Bank Rate, whilst medium to long-dated yields are driven primarily by the inflation outlook.

4.11.7 The Bank of England is also embarking on a process of Quantitative Tightening. The gradual reduction of the Bank's original £895Billion stock of gilt and corporate bonds will be sold back into the market over several years. The impact this policy will have on the market pricing of gilts, while issuance is markedly increasing, is an unknown at the time of writing.

4.11.8 The Chart below shows the volatility of the PWLB borrowing rates from 1 April 2022 to 31 March 2023.

PWLB RATES 2022/23
Chart 1



4.12 BORROWING OUTTURN

4.12.1 No new borrowing was undertaken during the year

4.12.2 Interest paid on PWLB borrowing during the year was £ 7,339,321 – Housing Revenue Account (HRA) and £44,188 - General Fund (GF)

Part I
Release to Press

4.13 ANNUAL INVESTMENT STRATEGY

4.13.1 The Treasury Management Strategy Statement (TMSS) for 2022/23, which includes the Annual Investment Strategy, was approved by the Council on 24 February 2022. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Council's investment priorities as being:

- Security of capital
- Liquidity
- Yield

The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite

4.13.2 There were no breaches to this policy in the year to 31 March 2023 with the investment activity conforming to the approved strategy. The Council had no liquidity difficulties and no funds have been placed with the Debt Management Office (DMO), demonstrating that counterparty limits and availability for placing funds approved in the TM Strategy were working effectively. It is possible that surplus funds that may be borrowed during 2022/23 will be placed in the DMO temporarily, if PWLB borrowing rates are advantageous and cash balances due to timing of taking out new loans would breach other counterparty limits.

4.13.3 The Specified and Non-Specified Investment Criteria (Appendix C) have been reviewed and updated in the Treasury Management Strategy 2022/23 agreed at Full Council in February 2022. Appendix C reflects the strategy in place for 2022/23. No further amendments are proposed at this stage.

4.13.4 In accordance with the Treasury Management Strategy, the Council invests its surplus cash balances that are committed for future approved spending. The policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data and counterparty limits dependant on level of cash balances held.

4.14 Investment performance year to date as of 31 March 2023

4.14.1 The Council's current investment portfolio consists of "conventional" cash investments: deposits with banks and building societies, Money Market Funds and loans to other Local Authorities. No investments have been made with any of the other approved instruments within the Specified and Non-specified Investment Criteria (see Appendix D).

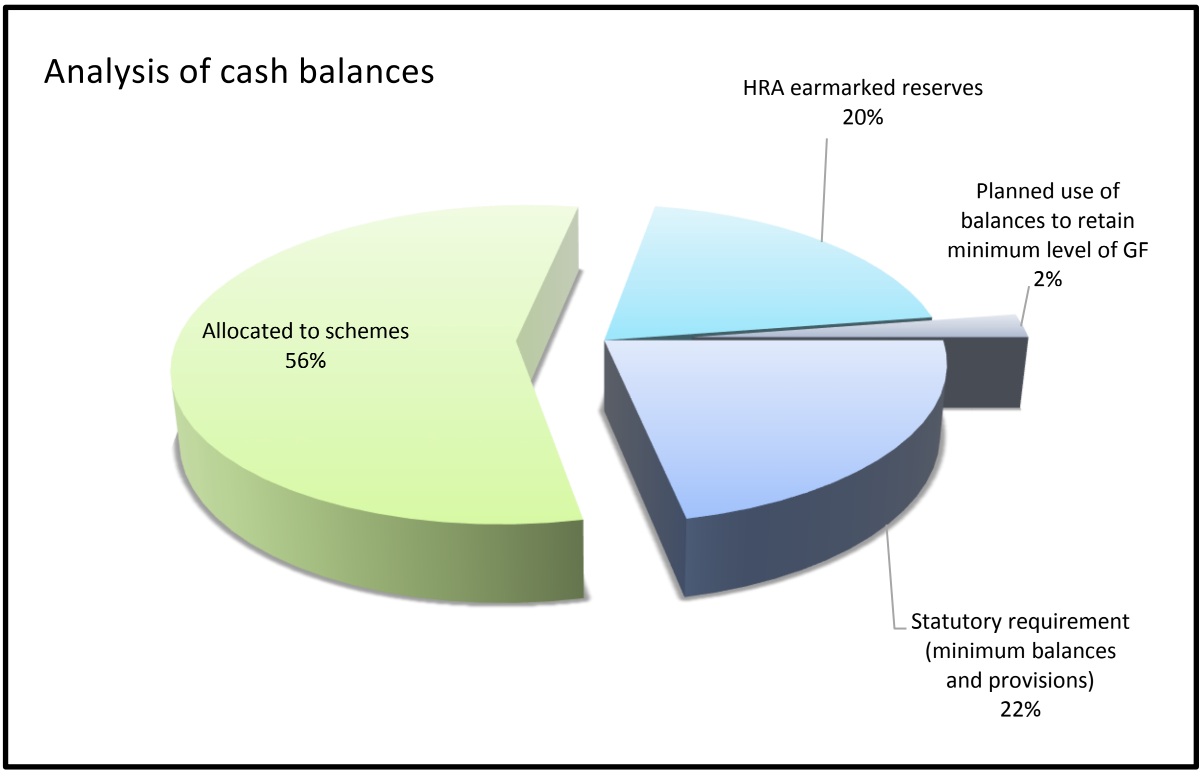
4.14.2 The average level of funds available for investment purposes during the year was £67Million, earning an average interest rate of 1.79%. Interest earned to 31 March 2023 was £1.2Million on treasury investments, against an original budget of £330K, contributing to General Fund (£363K) and Housing Revenue Account revenue income (£845K). Investment interest rates have since significantly increased with the movement in the Bank of England base rate and are now predicted to be an average 5.18% for 2023/24.

4.14.3 The Council's balances are made up of cash reserves e.g. HRA and General Fund balances, restricted use receipts e.g. right to buy one for one receipts and balances held for provisions such as business rate appeals.

4.14.4 In considering the Council's level of cash balances, Members should note that the General Fund MTFS and Capital Strategy have a planned use of resources over a minimum of 5 years and the HRA Business Plan (HRA BP) a planned use of resources over a 30 year period, which means, while not committed in the current year, they are required in future years.

4.14.5 The following chart shows the planned use of cash balances as at 31 March 2023.

Chart 2



4.14.6 The restrictive use of a proportion of the cash balances set out above, plus the planned use of resources in line with the Council's capital and revenue strategies mean that the investment balance of £43Million as at 31 March 2023 is not available for new expenditure.

4.14.7 **Other Prudential Indicators**

4.14.8 The ratio of financing costs to net revenue stream is equal to General Fund interest costs divided by the General Fund net revenue income from Council tax, Revenue Support Grant and retained business rates. The 2022/23 indicator is an average of 15.26% (General Fund 5.52%, HRA 17.18%). This means the cost of borrowing represents a small proportion of the General Fund's core resources but a larger portion of HRA resources.

5 IMPLICATIONS

5.1 Financial Implications

5.1.1 This report is of a financial nature and reviews the treasury management function for 2022/23. Any consequential financial impacts identified in the Capital strategy and Revenue budget monitoring reports have been incorporated into this report.

5.1.2 During the financial year Officers operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement and in compliance with the Council's Treasury management practices.

5.2 Legal Implications

5.2.1 Approval of the Prudential Code Indicators and the Treasury Management Strategy are intended to ensure that the Council complies with relevant legislation and best practice.

5.2.2 There have been no changes to PWLB borrowing arrangements since the last Treasury report, however there are changes to the Prudential and Treasury Management codes from 2023/24. Officers will ensure that any changes are reflected in treasury operations and reporting requirements.

5.3 Risk Implications

5.3.1 The current policy of minimising external borrowing only remains financially viable while cash balances are high and the differentials between investment income and borrowing rates, although reducing still remain. As these conditions change the Council may need to take borrowing at higher rates which would increase revenue costs.

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

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

5.3.4 There is a risk to the HRA BP's ability to fund the approved 30 year spending plans if interest rates continue to rise, this will be included in the revision to the BP in 2023.

5.4 Equalities and Diversity Implications

5.4.1 This report is technical in nature and there are no implications associated with equalities and diversity within this report. In addition to remaining within agreed counterparty rules, the council retains the discretion not to invest in countries that meet the minimum rating but where there are concerns over human rights issues. Counterparty rules will also be overlaid by any other ethical considerations from time to time as appropriate.

5.4.2 The Treasury Management Policy does not have the potential to discriminate against people on grounds of age; disability; gender; ethnicity; sexual orientation; religion/belief; or by way of financial exclusion. As such a detailed Equality Impact Assessment has not been undertaken.

5.5 Climate Change Implications

5.5.1 The Council's investment portfolio is sterling investments and not directly in companies. However, the Treasury Management (TM) team continue to review the use of Money Market funds to ensure, where possible, money market funds that invest in environmentally sustainable companies are used. In this way the TM team aligns with the Council's ambition to attempt to be carbon neutral by 2030.

BACKGROUND PAPERS

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

APPENDICES

- Appendix A - Investment and Borrowing Portfolio
- Appendix B - Specified and Non-Specified Investment Criteria
- Appendix C - Link detailed Economy and Interest rates review
- Appendix D - Counterparty List 31 March 2023

Appendix A **INVESTMENT PORTFOLIO 31 MARCH 2023**

Average interest rate - 2021/2022	**0.35%**
Average interest rate - 2022/23	**1.79%**

Investment Summary for Stevenage Borough Council

Investment data as at: Mar/2023

Country	Institution	Instrument Type	Start	Maturity	Yield	Principal
⊟ AUS	Australia and New Zealand Banking Group Ltd.	Fixed Term Deposit	18/10/2022	18/05/2023	4.44%	£2,300,000
	Australia and New Zealand Banking Group Ltd.	Fixed Term Deposit	28/12/2022	27/12/2023	4.78%	£5,000,000
						£7,300,000
⊟ CAN	National Bank of Canada	Fixed Term Deposit	19/12/2022	19/06/2023	4.17%	£5,000,000
						£5,000,000
⊟ DEU	Landesbank Hessen-Thueringen Girozentrale	Fixed Term Deposit	18/01/2023	18/07/2023	4.06%	£3,000,000
						£3,000,000
⊟ GBR	Cambridgeshire County Council	Fixed Term Deposit	13/04/2021	12/04/2023	0.44%	£5,000,000
	Santander UK PLC	Call (60 Day Notice)			3.58%	£1,000,000
	Standard Chartered Bank	Call (95 Day Notice)			4.49%	£7,000,000
	Goldman Sachs International Bank	Fixed Term Deposit	30/03/2023	29/09/2023	4.74%	£3,300,000
	Bury Metropolitan Borough Council	Fixed Term Deposit	18/05/2020	18/11/2024	2.00%	£2,300,000
						£18,600,000
⊟ MMF	MMF Aberdeen	Money Market Fund			3.95%	£4,500,000
	MMF CCLA	Money Market Fund			3.90%	£4,315,000
	MMF Morgan Stanley	Money Market Fund			3.97%	£570,000
						£9,385,000
Total						**£43,285,000**

Note the £17k difference between £43,285,000 as above and the treasury investments in the TM outturn report is MMF invested internally with HSBC bank account.

PWLB LOAN PORTFOLIO 31st March 2023

Decent Homes Borrowing

Lender	Type	Rate %	Amount £'s	From	To	Life of Loan
PWLB	Fixed Rate/Maturity	4.75	2,000,000	04/03/2010	04/03/2035	25 years
PWLB	Fixed Rate/Maturity	4.28	1,800,000	25/05/2010	25/05/2035	25 years
PWLB	Fixed Rate/Maturity	4.24	963,000	17/08/2010	17/08/2035	25 years

PWLB	Fixed Rate/Maturity	4.65	3,000,000	25/03/2010	25/09/2035	25 1/2 years
PWLB	Fixed Rate/Maturity	1.72	510,000	25/03/2020	25/03/2045	25 Years
PWLB	Fixed Rate/Maturity	1.60	3,500,000	25/03/2020	25/03/2037	17 years
PWLB	Fixed Rate/Maturity	2.06	10,000,000	30/03/2021	30/03/2041	20 years
PWLB	Fixed Rate/Maturity	2.24	4,047,150	03/02/2022	03/02/2043	21 years
PWLB	Fixed Rate/Maturity	2.22	5,000,000	03/02/2022	03/08/2047	25 1/2 years
			30,820,150			

Self Financing Borrowing

Lender	Type	Rate %	Amount £'s	From	To	Life of Loan
PWLB	Fixed Rate/Maturity	2.92	500,000	28/03/2012	28/03/2026	14 years
PWLB	Fixed Rate/Maturity	3.01	8,000,000	28/03/2012	28/03/2027	15 years
PWLB	Fixed Rate/Maturity	3.08	8,700,000	28/03/2012	28/03/2028	16 years
PWLB	Fixed Rate/Maturity	3.15	9,600,000	28/03/2012	28/03/2029	17 years
PWLB	Fixed Rate/Maturity	3.21	10,600,000	28/03/2012	28/03/2030	18 years
PWLB	Fixed Rate/Maturity	3.26	11,000,000	28/03/2012	28/03/2031	19 years
PWLB	Fixed Rate/Maturity	3.30	16,000,000	28/03/2012	28/03/2032	20 years
PWLB	Fixed Rate/Maturity	3.34	17,500,000	28/03/2012	28/03/2033	21 years
PWLB	Fixed Rate/Maturity	3.37	17,600,000	28/03/2012	28/03/2034	22 years
PWLB	Fixed Rate/Maturity	3.40	17,300,000	28/03/2012	28/03/2035	23 years
PWLB	Fixed Rate/Maturity	3.42	15,300,000	28/03/2012	28/03/2036	24 years
PWLB	Fixed Rate/Maturity	3.44	21,000,000	28/03/2012	28/03/2037	25 years
PWLB	Fixed Rate/Maturity	3.46	18,200,000	28/03/2012	28/03/2038	26 years
PWLB	Fixed Rate/Maturity	3.47	19,611,000	28/03/2012	28/03/2039	27 years
PWLB	Fixed Rate/Maturity	3.48	4,000,000	28/03/2012	28/03/2040	28 years
			194,911,000			

General Fund Prudential Borrowing

Lender	Type	Rate %	Amount £'s	From	To	Life of Loan
PWLB	Fixed Rate	2.29	1,755,950	19/03/2018	19/03/2028	10 years
			1,755,950			

Total PWLB Borrowing	**227,487,100**

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

Table 1

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

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

Table 2

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

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

Table 3 **Treasury Limits**

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

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

UK. Economy.

Against a backdrop of stubborn inflationary pressures, the easing of Covid restrictions in most developed economies, the Russian invasion of Ukraine, and a range of different UK Government policies, it is no surprise that UK interest rates have been volatile right across the curve, from Bank Rate through to 50-year gilt yields, for all of 2022/23.

Market commentators' misplaced optimism around inflation has been the root cause of the rout in the bond markets with, for example, UK, EZ and US 10-year yields all rising by over 200bps in 2022. The table below provides a snapshot of the conundrum facing central banks: inflation is elevated but labour markets are extra-ordinarily tight, making it an issue of fine judgment as to how far monetary policy needs to tighten.

	UK	Eurozone	US
Bank Rate	4.25%	3%	4.75%-5%
GDP	0.1%q/q Q4 (4.1%y/y)	+0.1%q/q Q4 (1.9%y/y)	2.6% Q4 Annualised
Inflation	10.4%y/y (Feb)	6.9%y/y (Mar)	6.0%y/y (Feb)
Unemployment Rate	3.7% (Jan)	6.6% (Feb)	3.6% (Feb)

Q2 of 2022 saw UK GDP deliver growth of +0.1% q/q, but this was quickly reversed in the third quarter, albeit some of the fall in GDP can be placed at the foot of the extra Bank Holiday in the wake of the Queen's passing. Q4 GDP was positive at 0.1% q/q. Most recently, January saw a 0.3% m/m increase in GDP as the number of strikes reduced compared to December. In addition, the resilience in activity at the end of 2022 was, in part, due to a 1.3% q/q rise in real household disposable incomes. A big part of that reflected the £5.7bn payments received by households from the government under the Energy Bills Support Scheme.

Nevertheless, CPI inflation picked up to what should be a peak reading of 11.1% in October, although hopes for significant falls from this level will very much rest on the movements in the gas and electricity markets, as well as the supply-side factors impacting food prices. On balance, most commentators expect the CPI measure of inflation to drop back towards 4% by the end of 2023. As of February 2023, CPI was 10.4%.

The UK unemployment rate fell through 2022 to a 48-year low of 3.6%, and this despite a net migration increase of c500k. The fact remains, however, that with many economic participants registered as long-term sick, the UK labour force shrunk by c500k in the year to June. Without an increase in the labour force participation rate, it is hard to see how the UK economy will be able to grow its way to prosperity, and with average wage increases running at over 6% the MPC will be concerned that wage inflation will prove just as sticky as major supply-side shocks to food (up 18.3% y/y in February 2023) and energy that have endured since Russia's invasion of Ukraine on 22 February 2022.

Bank Rate increased steadily throughout 2022/23, starting at 0.75% and finishing at 4.25%.

In the interim, following a Conservative Party leadership contest, Liz Truss became Prime Minister for a tumultuous seven weeks that ran through September and October. Put simply, the markets did not like the unfunded tax-cutting and heavy spending policies put forward by her Chancellor, Kwasi Kwarteng, and their reign lasted barely seven weeks before being replaced by Prime Minister Rishi Sunak and Chancellor Jeremy Hunt. Their Autumn Statement of the 17th of November gave rise to a net £55bn fiscal tightening, although much of the "heavy lifting" has been left for the next Parliament to deliver. However, the markets liked what they heard, and UK gilt yields have reversed the increases seen under the previous tenants of No10/11 Downing Street, although they remain elevated in line with developed economies generally.

As noted above, GDP has been tepid throughout 2022/23, although the most recent composite Purchasing Manager Indices for the UK, US, EZ and China have all surprised to the upside, registering survey scores just above 50 (below suggests economies are contracting, and above suggests expansion). Whether that means a shallow recession, or worse, will be avoided is still unclear. Ultimately, the MPC will want to see material evidence of a reduction in inflationary pressures and a loosening in labour markets. Realistically, that is an unlikely outcome without unemployment rising and wage settlements falling from their current levels. At present, the bigger rise in employment kept the ILO unemployment rate unchanged at 3.7% in January. Also, while the number of job vacancies fell for the ninth consecutive month in February, they remained around 40% above pre-pandemic levels.

Our economic analysts, Capital Economics, expect real GDP to contract by around 0.2% q/q in Q1 and forecast a recession this year involving a 1.0% peak-to-trough fall in real GDP.

The £ has remained resilient of late, recovering from a record low of $1.035, on the Monday following the Truss government's "fiscal event", to $1.23. Notwithstanding the £'s better run of late, 2023 is likely to see a housing correction of some magnitude as fixed-rate mortgages have moved above 4.5% and affordability has been squeezed despite proposed Stamp Duty cuts remaining in place.

As for equity markets, the FTSE 100 started 2023 strongly, rising to a record high of 8,014 on 20th February, as resilient data and falling inflation boosted earnings. But global equities fell sharply after concerns over the health of the global banking system emerged early in March. The fall in the FTSE 100 was bigger than the drop in the US S&P 500. Indeed, at around 7,600 now, the FTSE is 5.2% below its record high on 20th February, while the S&P 500 is only 1.9% lower over the same period. That's despite UK banks having been less exposed and equity prices in the UK's financial sector not falling as far. It may be due to the smaller decline in UK interest rate expectations and bond yields, which raise the discounted value of future earnings, compared to the US.

USA. The flurry of comments from Fed officials over recent months suggest there is still an underlying hawkish theme to their outlook for interest rates. Markets are pricing in a further interest rate increases of 25-50bps, on top of the current interest rate range of 4.75% - 5%.

In addition, the Fed is expected to continue to run down its balance sheet once the on-going concerns about some elements of niche banking provision are in the rear-view mirror.

As for inflation, it is currently at c6% but with the economy expected to weaken during 2023, and wage data already falling back, there is the prospect that should the economy slide into a recession of any kind there will be scope for rates to be cut at the backend of 2023 or shortly after.

EU. Although the Euro-zone inflation rate has fallen below 7%, the ECB will still be mindful that it has further work to do to dampen inflation expectations and it seems destined to raise rates to 4% in order to do so. Like the UK, growth has remained more robust than anticipated but a recession in 2023 is still seen as likely by most commentators.

Appendix D

Investment Counterparty List 31 March 2023

Counterparty	LT Rating (Fitch)	LRT Rating (Moodys)	LT Rating S&P
Australia	**AAA**	**Aaa**	**AAA**
Australia and New Zealand Banking Group	A+	Aa3	AA-
Commonwealth Bank of Australia	A+	Aa3	AA-
Macquarie Bank Ltd.	A	A2	A+
National Australia Bank Ltd.	A+	Aa3	AA-
Westpac Banking Corp.	A+	Aa3	AA-
Belgium	**AA-**	**Aa3**	**AA**
BNP Paribas Fortis	A+	A1	A+
KBC Bank N.V.	A+	A1	A+
Canada	**AA+**	**Aaa**	**AAA**
Bank of Montreal	AA-	Aa2	A+
Bank of Nova Scotia	AA-	Aa2	A+
Canadian Imperial Bank of Commerce	AA-	Aa2	A+
National Bank of Canada	A+	Aa3	A+
Royal Bank of Canada	AA-	Aa1	AA-
Toronto-Dominion Bank	AA-	Aa1	AA-
Denmark	**AAA**	**Aaa**	**AAA**
Danske A/S	A	A2	A+
Finland	**AA+**	**Aa1**	**AA+**
Nordea Bank Abp	AA-	Aa3	AA-
OP Corporate Bank plc	-	Aa3	AA-
France	**AA**	**Aa2**	**AA**
BNP Paribas	A+	Aa3	A+
Credit Agricole Corporate and Investment Bank	A+	Aa3	A+
Credit Agricole S.A.	A+	Aa3	A+
Credit Industriel et Commercial	A+	Aa3	A+
Societe Generale	A-	A1	A+
Germany	**AAA**	**Aaa**	**AAA**
Bayerische Landesbank	A-	Aa3	-
Commerzbank AG	-	A1	A-
Deutsche Bank AG	BBB+	A1	A-
DZ BANK AG Deutsche Zentral-Genossenschaftsbank	AA-	Aa2	A+
Landesbank Baden-Wuerttemberg	A-	Aa3	-
Landesbank Berlin AG	-	Aa3	-
Landesbank Hessen-ThueringenGirozentrale	A+	Aa3	-
Landwirtschaftliche Rentenbank	AAA	Aaa	AAA
Norddeutsche Landesbank Girozentrale	A-	A3	-
NRW.BANK	AAA	Aa1	AAA
Netherlands	**AAA**	**Aaa**	**AAA**
ABN AMRO Bank N.V.	A	A1	A
Bank Nederlandse Gemeenten N.V.	AAA	Aaa	AAA
Cooperatieve Rabobank U.A.	A+	Aa2	A+
ING Bank N.V.	AA-	Aa3	A+
Nederlandse Waterschapsbank N.V.	-	Aaa	AAA
Norway	**AAA**	**Aaa**	**AAA**
DNB Bank ASA	-	Aa2	AA-

Appendix D **Investment Counterparty List 31 March 2023**

Counterparty	LT Rating (Fitch)	LRT Rating (Moodys)	LT Rating S&P
Qatar	**AA-**	**Aa3**	**AA**
Qatar National Bank	AA-	Aa3	A+
Singapore	**AAA**	**Aaa**	**AAA**
DBS Bank Ltd.	AA-	Aa1	AA-
Oversea-Chinese Banking Corp. Ltd.	AA-	Aa1	AA-
United Overseas Bank Ltd.	AA-	Aa1	AA-
Sweden	**AAA**	**Aaa**	**AAA**
Skandinaviska Enskilda Banken AB	AA-	Aa3	A+
Svenska Handelsbanken AB	AA	Aa2	AA-
Swedbank AB	AA-	Aa3	A+
Switzerland	**AAA**	**Aaa**	**AAA**
UBS AG	AA-	Aa2	A+
United Arab Emirates	**AA**	**Aa2**	**AA**
First Abu Dhabi Bank PJSC	AA-	Aa3	AA-
United Kingdom	**AA-**	**Aa3**	**AA**
Al Rayan Bank Plc	-	A1	-
Bank of Scotland PLC (RFB)	A+	A1	A+
Barclays Bank PLC (NRFB)	A+	A1	A+
Barclays Bank UK PLC (RFB)	A+	A1	A+
Close Brothers Ltd	A-	Aa3	-
Clydesdale Bank PLC	A-	A3	A-
Co-operative Bank PLC	BB	Ba1	-
Coventry Building Society	A-	A2	-
Goldman Sachs International Bank	A+	A1	A+
Handelsbanken Plc	AA	-	AA-
HSBC Bank PLC (NRFB)	AA-	A1	A+
HSBC UK Bank Plc (RFB)	AA-	A1	A+
Leeds Building Society	A-	A3	-
Lloyds Bank Corporate Markets Plc (NRFB)	A+	A1	A
Lloyds Bank Plc (RFB)	A+	A1	A+
National Bank Of Kuwait (International) PLC	A+	-	A
National Westminster Bank PLC (RFB)	A+	A1	A
Nationwide Building Society	A	A1	A+
NatWest Markets Plc (NRFB)	A+	A1	A-
Principality Building Society	BBB+	Baa2	-
Santander Financial Services plc (NRFB)	A+	A1	A-
Santander UK PLC	A+	A1	A
Skipton Building Society	A-	A2	-
SMBC Bank International Plc	A-	A1	A
Standard Chartered Bank	A+	A1	A+
The Royal Bank of Scotland Plc (RFB)	A+	A1	A
West Bromwich Building Society	-	Ba3	-
Yorkshire Building Society	A-	A3	-
United States	**AAA**	**Aaa**	**AA+**
Bank of America N.A.	AA	Aa2	A+
Bank of New York Mellon, The	AA	Aa1	AA-
Citibank N.A.	A+	Aa3	A+
JPMorgan Chase Bank N.A.	AA	Aa1	A+
Wells Fargo Bank, NA	AA-	Aa1	A+

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

Agenda Item 12

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