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EXECUTIVE

Date: Wednesday, 15 November 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), J Thomas (Vice-Chair), S Barr, L Briscoe, J Hollywell, Mrs J Lloyd, L Rossati, S Speller and J Thomas.

AGENDA

PART I

1. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

2. MINUTES - 12 OCTOBER 2023

To approve as a correct record the Minutes of the meeting of the Executive held on 12 October 2023 for signature by the Chair.

Pages 5 – 12

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

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

Community Select Committee – 19 September 2023

Overview & Scrutiny Committee – 26 September 2023

Environment & Economy Select Committee – 10 October 2023

Overview & Scrutiny Committee – 17 October 2023

Pages 13 – 34

4. HOUSING REVENUE ACCOUNT (HRA) BUSINESS PLAN REVIEW 2023

To consider the Housing Revenue Account (HRA) Business Plan review 2023.

Pages 35 – 64

5. HOUSING ASSET MANAGEMENT STRATEGY 2023 - 2028

To consider the proposed Housing Asset Management Strategy 2023 – 2028.

Pages 65 – 102

6. SECOND QUARTER REVENUE BUDGET MONITORING 2023/24

To consider the Second Quarter Revenue Budget Monitoring report 2023/24.
Pages 103 – 118

7. FIRST AND SECOND QUARTER CAPITAL BUDGET MONITORING 2023/24

To consider the First and Second Quarter Capital Budget Monitoring report
2023/24.
Pages 119 – 146

8. MID YEAR TREASURY MANAGEMENT REVIEW 2023/24

To consider the Mid Year Treasury Management Review 2023/24.
Pages 147 – 164

9. BALANCING THE BUDGET OPTIONS 2024/25

To consider a proposed range of General Fund and Housing Revenue Account
budget options to be incorporated into the 2024/25 Revenue Budget process.
Pages 165 – 186

10. URGENT PART I BUSINESS

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

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 - 12 OCTOBER 2023

To approve as a correct record the Part II Minutes of the meeting of the Executive held on 12 October 2023 for signature by the Chair.
Pages 187 - 190

13. MAJOR DEVELOPMENT PROJECT (KENILWORTH CLOSE) UPDATE

To consider an update on the Kenilworth Close development scheme, including a review of Phase 2 of the project.
Pages 191 - 218

14. REVIEW OF SHARED ICT SERVICE RESOURCING (SOCITM REPORT)

To consider a recommended structure and costs for an enhanced Shared ICT Service.

Pages 219 - 232

15. GENERAL FUND CAPITAL STRATEGY OVERVIEW - PRIORITIES VERSUS FUNDING REQUIREMENT 2023/24 - 2029/30

To consider an overview of the General Fund Strategy for 2023/24 – 2029/30, including proposals to fund the Council's approved priorities during that period.

Pages 233 - 250

16. 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, 15 November 2023 – <http://www.stevenage.gov.uk/have-your-say/council-meetings/161153/>

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STEVENAGE BOROUGH COUNCIL

EXECUTIVE MINUTES

Date: Thursday, 12 October 2023

Time: 2.00pm

Place: Council Chamber, Daneshill House, Danestrete, Stevenage

Present: Councillors: Jeannette Thomas (Vice-Chair in the Chair), Sandra Barr, Lloyd Briscoe, Jackie Hollywell, Loraine Rossati and Simon Speller.

Start / End Start Time: 2.00pm
Time: End Time: 3.00pm

1 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were submitted on behalf of Councillors Richard Henry (Chair) and Mrs Joan Lloyd.

There were no declarations of interest.

2 MINUTES - 20 SEPTEMBER 2023

It was **RESOLVED** that the Minutes of the meeting of the Executive held on 20 September 2023 be approved as a correct record for signature by the Chair.

3 MINUTES OF 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 – 4 September 2023

4 CLIMATE CHANGE - ANNUAL UPDATE OCTOBER 2023

The Executive considered a report in respect of the annual Climate Change update – October 2023.

The Portfolio Holder for Environment and Performance advised that it was exactly a year since the Climate Change Strategy had been revised. Over the last year the Council had not only sought to address the top-down issues, but also bottom-up issues that affected residents on a more regular basis.

The Portfolio Holder for Environment and Performance referred to the nine levels set out in the Strategy, and drew attention to levels 7 to 9, namely neighbourhoods; street level; and individuals and families. He felt that substantial gains had been made in these areas over the past year, including formalising user engagement with

walking, cycling and disability groups through the ATLEE Group.

The Portfolio Holder for Environment and Performance welcomed the support of the Overview & Scrutiny, Environment & Economy Select and Planning & Development Committees, which all had key roles in developing Climate Change policies in order to bring about positive action throughout the Borough.

The Assistant Director (Planning & Regulation) gave a brief slide presentation in respect of the Climate Change update. He referred to the nine levels previously mentioned by the Portfolio Holder and commented that the Council had been actively involved in lobbying activities at the national level. The Council had also worked with larger businesses to enable the sharing of best practice in climate change initiatives and measures. At regional level, the Council's Chief Executive had worked extensively across the East of England as Hertfordshire lead for Climate and Sustainability. This including working with all 11 Councils in Hertfordshire to work more effectively together to tackle climate change issues.

The Assistant Director (Planning & Regulation) stated that, in terms of SBC, the three work pathways concerned greening fuel and the vehicle fleet; assessing all buildings; and people and processes. He added that a number of Ward level projects had been identified through the "Dragon's Den" process, and the Portfolio Holder had previously referred to the ATLEE Group.

The Assistant Director (Planning & Regulation) concluded by presenting slides relating to the decarbonisation of Stevenage and the various local climate change schemes forming part of the Dragon's Den initiative.

The Executive was pleased to learn that the refurbished Institution of Engineering and Technology (IET) building had achieved BREEAM (Building Research Establishment Environmental Assessment Method) certification to ensure that construction had been carried out sustainably, and that the Council was working with them to share best practice and learning. Members were also pleased that 94 local businesses had signed up to the Wenta-run net zero programme, aimed at supporting small and medium sized enterprises in climate change initiatives. He also announced that the Council would be funding another 100 local business sign-ups to the Wenta-run scheme.

The Portfolio Holder for Environment and Performance stressed that it was important that the Council acted as an exemplar to other local organisations and businesses in the field of Climate Change.

It was **RESOLVED:**

1. That the progress being made to deliver the Climate Change Strategy and Action Plan be noted.
2. That the approaches to the three SBC Pathways, Fuel & Fleet; Buildings & Assets and People & Process, as outlined in Paragraphs 3.50 – 3.91 of the report, be agreed.

3. That officers be requested to prepare a business case for the Executive to consider relating to switching as much as possible of SBC's fuel to Hydrotreated Vegetable Oil (HVO), as detailed in Paragraphs 3.59 and 3.60 of the report.

Reason for Decision: As contained in report.

Other Options considered: As contained in report.

5 HOUSING ALLOCATION POLICY

The Executive considered a report in respect of a proposed updated Housing Allocation Policy.

The Chair (Deputy Leader of the Council and Portfolio Holder for Housing & Housing Development) advised that the Council continued to make significant investment in its social housing stock and was committed to the Future Town Future Council (FTFC) strategic priority of building 'More Social, Affordable and Good Quality Homes'. The proposed new Allocation Policy strengthened the focus on assisting those in most need of housing, thereby making best use of the Council's limited social housing stock. This item must be considered against a backdrop of unprecedented demand for housing locally, regionally and nationally due to the ongoing cost of living crisis, amongst other matters.

The Chair requested the Executive to approve the new policy, noting that it would be implemented on 1 July 2024, subject to completion of the associated system build requirements and engagement with those on the housing register. An easy-to-read reference guide would be created to accompany the policy. The report also recommended that the impact of the policy change was reviewed 12 months post its implementation.

The Chair pointed out that the contents page of the Policy (attached as Appendix A to the report) referred in Section 2 to a number of "Qualification Rules", but that the Policy itself had them headed as "Non-Qualification Rules". This needed to be amended so that both descriptions match. The Executive supported adoption of the Policy, subject to the above amendment.

It was **RESOLVED**:

1. That the new Housing Allocation Policy, as attached at Appendix A to the report, as amended, be approved.
2. That the Policy be adopted on 1 July 2024, subject to confirmation of system build requirements and all applicants and relevant stakeholders having been updated.
3. That an easy read reference guide be created to accompany the Policy.
4. That the impact of the proposed changes be monitored, and the Policy be reviewed 12 months after implementation.

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

6 STEVENAGE BOROUGH COUNCIL CORPORATE PLAN - MAKING STEVENAGE EVEN BETTER

The Executive considered a report in respect of the Council's draft Corporate Plan, which outlined the Council's vision and strategic priorities for the next five years, and the approach to engaging residents, local community groups and partners in its Co-production.

In the absence of the Leader of the Council, the Chair (Deputy Leader of the Council) advised that the Future Town Future Council (FTFC) Corporate Plan was approved in 2016 and had been extended beyond its 5-year life twice since 2021. Much had changed in that time, noting the financial impact of changes in welfare and social rent policy, ongoing cuts in local government funding, rising inflation, energy and food costs, and the significant social and financial cost of the Covid-19 pandemic. It was therefore not surprising that the Council's key drivers, vision and values had changed, and now was an opportune time to review the Council's strategic priorities.

The Chair explained that proposed areas of focus included in the draft Corporate Plan (attached as Appendix A to the report) outlined the priorities that residents had highlighted, specifically:

- tackling climate change;
- anti-social behaviour;
- provision and maintenance of new and council homes; and
- delivery of good local services.

The Chair stated that these priorities had been set out via a Plan on a Page to aid resident, business and stakeholder understanding of the Council's proposed focuses and approach. To provide a further opportunity for residents, local community groups, partners, businesses, Members and staff to give their views, the Council would be undertaking a 6-week formal consultation and co-production period between 23 October 2023 and 4 December 2023. This would be done via a survey promoted through a social media campaign, the Council's e-newsletter to residents, an article in the Chronicle and posters on Neighbourhood Notice Boards, as well as in-person events with local businesses and community groups.

The Chair commented that, as a Budget and Policy Framework item, the draft would also be formally submitted to the Overview and Scrutiny Committee on 17 October 2023, with a subsequent summary of consultation findings and a final version of the Corporate Plan to be presented to the Executive in January 2024.

The Chair advised that providing opportunities for local people, groups and businesses to shape the Council's strategic priorities for the next 5 years was vital and was at the heart of the Co-operative Council commitment. The Council would use the responses received to shape its approach, thereby ensuring that the plan was meaningful to the people of the town.

It was **RESOLVED**:

1. That the Council's draft Corporate Plan "Making Stevenage Even Better", as attached at Appendix A to the report, be agreed.
2. That the engagement approach with residents, local community groups and partner involvement be agreed, as set out in Paragraph 4.9 of the report.
3. That, following the engagement period, a final version of the Corporate Plan be brought to the Executive in January 2024.

Reason for Decision: As contained in report.

Other Options considered: As contained in report.

7 CO-OPERATIVE COMMERCIAL AND INSOURCING STRATEGY 2023 - 2026

The Executive considered a report in respect of the proposed Co-operative Commercial and Insourcing Strategy 2023 - 2026, and the proposed General Fund Fees and Charges for 2024/25.

In the absence of the Portfolio Holder for Resources and Transformation, the Chair (Deputy Leader of the Council) advised that this second iteration of the Commercial Strategy was accompanied by the proposed Fees and Charges for 2024-25 for the General Fund (set out at Appendix B of the report).

The Chair stated that the Strategy summarised the commercial activity that has taken place over the last three years and outlined how the approach aligned with the overall Council objectives and corporate priorities around Balancing the Budget. Thinking commercially and ensuring that changes to fees and charges remained reasonable and appropriate were essential tools in helping to bridge future budget gaps and mitigating the associated pressures. There was also an ongoing need to generate sustainable new income streams, which were built into the Council's Medium Term Financial Strategy, to support the delivery of vital services.

The Chair referred to the Council's definition of commercialisation laid out in the Strategy and its four main pillars of:

- Improving business processes and efficiency;
- Generating income;
- Capitalising on insourcing opportunities; and
- Creating a commercial culture through reviewing areas such as contract management.

The Chair explained that this approach would support services in reducing the cost of delivery, whilst also striving to achieve break even operating positions where deemed appropriate. The Council would ensure that all commercial actions and decisions were ethical in nature and had a positive impact on the community, delivering additional social value and contributing to community wealth building where possible.

The Head of Commercial stated that the Council had been involved in commercial activities for some time, including partnership working with developers Mace and Reef, the establishment of a Wholly Owned Company (WOC) to provide social housing, and supporting the Business Technology Centre. The Strategy would apply to the Council's commercial arrangements with external suppliers and sets out objectives to achieve best value.

The Head of Commercial drew attention to Appendix B to the report (Fees and Charges for 2024/25), and advised that these had been reviewed on a case-by-case basis by the cross-party Council Financial Security Group (CSFG), and all bar one (due to being amended following the meeting of the CFSG) had been agreed by a majority vote. She stated that 28 out of 35 fees/charges had been agreed unanimously.

It was **RESOLVED**:

1. That the Co-operative Commercial and Insourcing Strategy for 2023-2026, as appended to the report as Appendix A, be approved and reviewed on an annual basis (together with relevant Appendices shown in Part II of this agenda).
2. That the Fees and Charges 2024-25 for the General Fund, as shown at Appendix B to the report, be approved.
3. That the Strategic Director (CF) be given delegated authority to approve any final changes required to the Strategy, following consultation with the Executive Member for Resources and Transformation.

Reason for Decision: As contained in report.

Other Options considered: As contained in report.

8 TOWN FUNDS - PROGRAMME DELIVERY UPDATE

The Executive considered a report which provided an update on projects within the Government's Towns Fund programme being delivered by the Council and the Stevenage Development Board.

In the absence of the Leader of the Council, the Chair (Deputy Leader of the Council) advised that the report provided an update on the projects within the Towns Fund programme which is being delivered by Stevenage Borough Council and Stevenage Development Board. As the Council acts as the Accountable Body for the delivery of Towns Fund, it was required to provide formal updates to the Executive on project progress.

The Chair stated that the report covered the progress of the New Towns Heritage Centre, Station Gateway and Skills, Enterprise and Life Sciences projects. The report also sought to utilise the power delegated from central government to the accountable body to move some funding from 2023/24 to 2024/25, and requested the Executive to delegate authority for the procurement of design services, via a

procurement framework, for the Station Gateway and Central Core West Major Opportunities Areas (MOA), noting the work undertaken thus far.

The Regeneration Manager commented that the recommendations contained in the report had received the endorsement of the Stevenage Development Board.

The Portfolio Holder for Economy and Transport felt that it was important that the Council gave due consideration to the findings of the Clare Adler Community Stakeholder consultation report for Stevenage Museum, in the light of the possibility of a number of other museums/archive facilities expressing an interest in being located in Stevenage due to its favourable location and excellent transport links.

It was **RESOLVED**:

1. That the endorsement of the Stevenage Development Board on resolutions 2. to 5. below be noted.
2. That the progress of the 'Transforming the Town Centre' regeneration programme, specifically the DLUHC grant funded Towns Fund projects, be noted.
3. That the progress made and early-stage consultation regarding the New Towns Heritage Centre and Museum be noted.
4. That authority be delegated to the Strategic Director (TP) to the procurement of design services via a procurement framework for the Station Gateway and Central Core West Major Opportunities Areas (MOA), and that the work undertaken thus far be noted.
5. That the amendments to the 2023/24 spend profile, in line with official DLUHC guidelines, and as set out in Paragraphs 3.30 – 4.3 of the report, be noted.

Reason for Decision: As contained in report.

Other Options considered: As contained in report.

9 URGENT PART I BUSINESS

None.

10 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.

11 PART II MINUTES - EXECUTIVE - 20 SEPTEMBER 2023

It was **RESOLVED** that the Part II Minutes of the meeting of the Executive held on 20 September 2023 be approved as a correct record for signature by the Chair.

12 CO-OPERATIVE COMMERCIAL AND INSOURCING STRATEGY 2023 - 2026: HIGH LEVEL ACTION PLAN, INSOURCING ROAD MAP AND CHANGES TO KEY PERFORMANCE INDICATORS

The Executive considered a Part II report in respect of the High Level Action Plan, Insourcing Roadmap and changes to Key Performance Indicators associated with the Co-operative Commercial and Insourcing Strategy 2023 – 2026.

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

Reason for Decision: As contained in report.

Other Options considered: As contained in report.

13 TOWNS FUND - SPORTS AND LEISURE HUB PROGRESSION

The Executive considered a Part II report providing an update in respect of the progression of the Towns Fund project for a new Sports and Leisure Hub.

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

Reason for Decision: As contained in report.

Other Options considered: As contained in report.

14 URGENT PART II BUSINESS

None.

CHAIR

STEVENAGE BOROUGH COUNCIL

COMMUNITY SELECT COMMITTEE MINUTES

Date: Tuesday, 19 September 2023

Time: 6.00pm

Place: Council Chamber, Daneshill House, Danestrete, Stevenage

Present: Councillors: Sarah Mead (Chair), Alex Farquharson (Vice-Chair), Julie Ashley-Wren, Forhad Chowdhury, Mason Humberstone, Wendy Kerby, Conor McGrath and Carolina Veres.

Start / End Start Time: 6.00pm
Time: End Time: 8.07pm

1 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were received by Councillors Ellie Plater and John Duncan.

There were no declarations of interest.

2 MINUTES - WEDNESDAY 26 JULY 2023

It was **RESOLVED:** That the Minutes of the Meeting of the Committee held on 26 July 2023 be approved as a true record of the proceedings and be signed by the Chair.

3 CULTURAL STRATEGY

The Chair introduced Councillor Loraine Rosatti, Executive Portfolio Holder for Culture, Rob Gregory, Operations Director, Sam Daisley, Museum Cultural Development Officer, and Jo Ward, Museum Manager/Curator.

Cllr Loraine Rossati informed Members that there had been a lot of progress since the Cultural Strategy last came before the Community Select Committee. They were focusing on “people powered art” and “people powered culture” which aimed to lead culture, heritage and leisure for our area and our people. There was a lot of activity and creativity at the community level and there was more the Council could do to support this, but not lead. This also linked to the Councils ambitions to reduce health inequality and improve mental and physical health. Covid and the cost-of-living crisis has impacted mental health and the ability to take part in creative activities that local residents did before.

The Operations Director gave a presentation which included:

- An Arts & Culture Officer was appointed in 2018.
- They were focusing on the Stevenage story of the first new town.
- The Junction 7 Creatives were formed in 2018 to come together in an

organised way to fund creative activities.

- There had been successful funding bids in 2020 to the Arts Council and National Lottery Heritage Fund.
- The vision was to have flagship performing arts, museum and heritage facilities, creative industries spaces and hubs to attract talent, an iconic public realm arts programme, and support for wellbeing and skills development.
- The ambition was to grow the festival and event offer, protect the Gordon Craig Theatre offer to provide a good or better facility, a new museum, high quality music facilities like Old Town Live, recognising the sports heritage in Stevenage, and the Hertfordshire Cultural Education Partnership in schools.
- The priorities were to encourage more people to participate in culture, particularly looking at ways to engage people who wouldn't typically be involved.
- So far, they had mainstreamed the Cultural and Museum Officer role as they recognised the importance of the museum.
- Junction 7 Creatives had created the utilisation of Meanwhile space, so empty buildings can be used for culture, arts, and creative potential. These would eventually be commercial buildings but in the meantime can be used as a creative space.
- There had been some projects such as Battle of the Bands, New Town New Art, new bus station artwork, and adding to the Stevenage walk of fame.
- They were focusing on culture led regeneration and ensuring culture was linked within the Stevenage regeneration.

The Museum Cultural Development Officer informed the Committee that:

- They had been planning an art and heritage trail to create a safe and interesting route, both cycle and path to view points of interest. There would be different routes for different abilities/times and would be a reusable resource.
- They planned to improve cycleways, such as new murals in three underpasses near the Stevenage Football Club.
- They were using the meanwhile use policy to display artwork to encourage community pride.
- They had a working relationship with Junction 7 Creatives and had projects such as the Only Connect project which aimed to liven up the open reach and broadband cabinets and discourage tagging. Boxes on Grace Way and London Road were nominated for the pilot.
- They were using event island as a centralised venue for different events, which are important and can display diverse cultures.
- There was a central home for Stevenage Museum being designed by architects. There had been resident involvement on Stevenage Day, in person and through online surveys. This would display various art works of Stevenage history and there had been collection developments such as a long-term loan of a car driven by Lewis Hamilton.

Cllr Rossati added that they wanted to expand the opportunity for art in underpasses

and showcase photos of Stevenage taken by residents and visitors. She added that the Council was in consultation with local people to involve them in new facilities such as the museum and new sport and leisure facilities.

The Museum Manager informed Members they had received pricing for the fitting for the new museum which totalled a maximum of £2.3m. They were receiving £2m of town funding but needed to confirm how much was allocated to building costs. They were beginning to look at a fundraising strategy for this. She also added that they wanted to make the collection accessible online.

A Member agreed artwork in the underpasses was a good idea and asked whether this would be rolled out across the town. Cllr Rossati advised that this was done in partnership with Hertfordshire County Council, and they needed to contribute funding as well. They wanted to get a priority list of underpasses to work on and start funding through various means, such as grants, fundraisers, or local community budgets.

Another Member asked whether there could be work done on the skate park in Bedwell as the gates were closed. The Operations Director advised that the ownership sat with Herts County Council. They were looking at how to protect and make it accessible and there were opportunities with the new leisure centre. Cllr Rossati advised that she had met with a skateboarding advocate and was interested in looking at how we can have safe and modern facilities.

A Member asked whether there was a nomination system for designing telecom boxes. Cllr Rossati advised that this project was linked with the graffiti project with Councillor Simon Speller and the Stevenage Borough Council cleansing teams. Open Reach had been working with the Council to clear graffiti and were open to designing the boxes. They were starting small and trialling, and then would look for funding for community-based ones, such as near schools.

A Member asked whether the schemes and projects would be viewed as too town centric. Cllr Rossati advised that there had been a concentration of funds around the town centre. They were interested in people powered art across Stevenage and there were opportunities for everyone to change the town centre dynamic and be part of the solution.

Another Member highlighted the shared culture in Stevenage town and heritage and asked how the different communities would be interconnected. The Museum Manager advised that the museum often did projects and got funding to work with community groups at how stories were being told. There was an audience development plan, and the museum was reflective of the community in terms of users but there was room to do more work.

Councillor Jeanette Thomas highlighted the community involvement across the town, such as the Art in the Park, Music in the Park, Sport in the Park, and the teddy bear picnic in Pin Green.

The Chair suggested an annual photography competition of photos of Stevenage. The Chair also suggested that the promotion of STEM subjects in schools should be

extended to include the Arts as this was being overlooked, so the acronym could be STEAM subjects with the A representing the Arts. She recommended that Officers make links with A Level and Level 3 Extended Diploma Arts students about engaging them in local arts projects.

The Chair thanked the team for their presentation and for the excellent focus on cultural issues that were happening in Stevenage.

4 **PRE-SCRUTINY OF THE REVISED HOUSING ALLOCATIONS POLICY**

The Chair introduced Councillor Jeanette Thomas, Executive Portfolio Holder for Housing & Housing Development, Charlotte Carter, Housing Business Support, Lori Smith, Housing Supply Manager, Tracy Jackson, Operations Manager Providing Homes, and Rob Gregory, Operations Director.

Cllr Jeanette Thomas informed Members that they had been working with the community and the Committee to look at the housing allocations policy and reminded Members they had to be aware that more people wanted homes than they had homes available. Stevenage had a housing development team who also built homes to sell to build more social housing. They were also retrofitting and maintaining the existing homes as well as building more.

The Operations Manager gave a presentation on the housing allocations policy which the Council was required to have by law. The policy outlined the process for how the Council let social housing and made the best use of the stock as well as maximising access and choice for applicants. The team were looking at producing an easy-to-read guide so everyone can use it and understand the policy. The aim of the review was to respond to the increasing demand for not enough homes, ensuring the policy was clear and helping those in the greatest need.

The first proposed change was to only accept applicants onto the housing register if they had a specific housing need. This was applied to the new policy as a qualification rule. Some Members raised concerns on how this would be means tested and it was advised that this would be difficult. Another Member asked whether this would change who can access the housing register. The Committee were advised that 16-year-olds, or anyone with a suitable housing situation, would not be able to access the housing register. The Committee were aware that this would be an unpopular move for many local residents but was realistic given the reality of national policy on social housing and therefore reluctantly supported this policy change.

The second proposed change was to disqualify those with sufficient savings or incomes from applying for social housing. This was not applied to the new policy as it was resource heavy given that each application would have to be means tested if it had been applied and the question of what was 'affordable' has changed due to the cost-of-living crisis. A Member asked whether there would be a financial test once they had applied and it was advised that an affordability test was only done with affordable housing, not social. The Committee supported not applying this to the new policy as it would be unworkable without means testing each case.

The third proposed change was to introduce a New Generation scheme which would give priority to 1 bed need adults to enable the downsizing of tenants. This was not applied to the new policy as the stock levels were not sufficient to support the New Generation scheme. The team would continue to review the impact of the new allocation policy. The Committee agreed that this policy option should not be included in the new policy.

The fourth proposed change was to reduce the number of bands that applicants can be placed into. This was applied to the new policy with the introduction of Band 1, 2, and 3. A Member asked whether specific bands were related to specific housing needs. The Committee were advised that the bands would vary in housing needs, and they were creating an easy-to-read guide on the bands and the eligibility for each. Members were also advised that people had the right to review if they did not agree with what band they were put into. The Committee agreed that this policy option should not be included in the new policy.

The fifth proposed change was to remove people who had not bid within 12 months. This was applied to the new policy and Officers would communicate with people on the register about their bidding. The Committee agreed with this policy option with the caveat that there would be some exceptions to the policy if no suitable sized property was available to bid on.

The sixth proposed change was to let homes based on housing need only, removing the sharing between bands and the quota. This was applied to the new policy, but some direct allocation was needed for aids and adaptations, temporary accommodation, or leaving home for an emergency. The Committee agreed with this policy option.

The seventh and final proposed change was to change the bedroom standard to allow more household members to share. Initially it was proposed to increase the age from 16 to 21. The bedroom standard was changed to 18 for same sex in the new policy, as well as not allowing those with a 2 bed need to bid on 3 bed properties. The Committee agreed with this policy option.

There were also other proposed changes which included:

- Care leavers were able to bid on 1-bed properties and had a high priority to increase their chances of securing a property.
- Homelessness Prevention Duty – priority was given to families who could stay with friends/family for additional time.
- Adults without children with no other housing need were unable to join the register.
- Statutory Homelessness Duty – discretion was applied, and they must qualify otherwise, such as residential local connection.
- Owed Relief Duty – they had the same priority as Main Duty which would reduce the strain on temporary accommodation.

It was **RESOLVED**: That the Committee agreed the Officers suggested housing allocations policy changes as detailed in the summaries above.

5 **URGENT PART 1 BUSINESS**

The Chair and Committee thanked Rob Gregory, Operations Director, who was leaving the Council, for his service and help to the Community Select Committee and wished him well for the future.

The Chair also invited Members to sign a book of farewell for Jim McManus, Director of Public Health for Hertfordshire, who was also leaving the Council.

6 **EXCLUSION OF PUBLIC AND PRESS**

Not required.

7 **URGENT PART II BUSINESS**

There was none.

CHAIR

STEVENAGE BOROUGH COUNCIL

OVERVIEW AND SCRUTINY COMMITTEE MINUTES

Date: Tuesday, 26 September 2023

Time: 6.00pm

Place: Council Chamber, Daneshill House, Danestrete, Stevenage

Present: Councillors: Rob Broom (in the Chair), Stephen Booth, Jim Brown, Forhad Chowdhury, Michael Downing, Conor McGrath, Margaret Notley, Carolina Veres and Anne Wells

Substitute Members: Councillors Alex Farquharson and Graham Lawrence CC

Start / End Time: Start Time: 6.00pm

End Time: 6.45pm

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

In the absence of the Chair and Vice-Chair, nominations were invited to Chair the meeting. Councillor Rob Broom was nominated and seconded and it was **RESOLVED** that Councillor Broom be appointed to Chair the meeting.

Apologies for absence were submitted on behalf of Councillors Lin Martin-Haugh (Chair), Phill Bibby CC (Vice-Chair), Bret Facey, Sarah Mead, and Robin Parker CC. Councillors Alex Farquharson and Graham Lawrence CC were in attendance as substitute members.

There were no declarations of interest.

2 **MINUTES OF THE PREVIOUS MEETING**

It was **RESOLVED** that the minutes of the Overview and Scrutiny Committee held on 24 July 2023 be approved as a correct record and signed by the Chair subject to the deletion of the reference to the east and west of the Town in Item 4, bullet point 6.

3 **PART I DECISIONS OF THE EXECUTIVE**

2. **Minutes – 18 July 2023**

Noted.

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

Noted.

4. Future Council 2025 Transformation Programme Savings Update

The Committee was advised by the Assistant Director (Digital and Transformation) that the report had been brought to the Executive due to a number of factors such as the changing behaviours of customers. The main proposal within the report was to move the Customer Service Centre (CSC) to the main entrance of Daneshill House and to move to one shift for staff of 9.00am – 5.00pm.

In response to questions from Members, the Head of Customer and Digital Service gave the following responses:

- The move from the CSC to the front entrance of Daneshill House had not been carried out in the previous year as Officers considered that it had been important to track the trend of customer behaviour before making the decision;
- One of the major savings from the move would be the reduction in having to staff both entrances replacing this with a single meet and greet entrance for customers;
- The Council's Estates Team were working on a valuation of the current CSC space and opportunities would be looked for in the commercial market for a rental for the space;
- Customer satisfaction was a corporate performance measure and was currently around 87%. The Strategic Director (CF) advised that the 5 star customer service referred to in the report related to keeping the customer at the heart of the service. It was considered that the measure of housing front and back office staff together in the new space should significantly help improved communication;
- In terms of reporting issues with rubbish collection, new technology was now being used by operatives which allowed validation of complaints and it was hoped that this would address some concerns in this area. Officers agreed to look at the specific issue raised by a Member outside of the meeting;
- The planned date for the move of the CSC was 1 November 2023;
- In relation to monitoring the success of this part of the Transformation Programme, officers advised this would be reflected in the existing suite of performance measures for customer satisfaction. It was envisaged that having specialist officers on hand would avoid the need for transferring calls to other departments and would speed up the response to more complex cases.

5. Corporate Performance – Quarter 1 2023/24

SD (TP) advised that the Executive had considered issues relating to recruitment challenges; retrofitting of solar panels to seven of the Council's refuse lorries and had also welcomed the progress toward the completion of Helston House, with 29 new Council homes being delivered.

A Member commented that Helston House was a development to celebrate as a first class Local Authority project and hoped that there would be similar schemes coming forward in the future.

It was confirmed that alongside the solar panels fitted to the refuse vehicles, the Council had purchased its first fully electric van.

SD (RP) responded to a question and advised that Wates was the current contractor assisting the Council in undertaking void works in council homes.

In relation to the recruitment challenges faced by the Council, SD (TP) advised that a number of steps had been taken including:

- Maximising the benefits of working for a Council including flexible working arrangements and support for training and progression;
- Approaches for staff to be able to move onto managerial roles by developing skills and experiences;
- Use of external recruitment agencies to target particular roles alongside growing the Council's own talent.

It was noted that consideration of Market Factor Pay Supplements would have to be given for roles where our pay was below nearby and London authorities or for recruitment into particular skill sets such as Local Government Audit.

6. Council Tax Support Scheme

SD (CF) advised that consideration to change the Council Tax Support Scheme (CTSS) to a banded scheme would take place in late May/early June 2024 once it was known if there had been further transition to Universal Credit.

7. General Fund Medium Term Financial Strategy Update (2023/24-2027/28)

In response to a question regarding the Swingate development and concerns regarding the length of time taken to begin the work on site, officers advised that progress had started following the demolition of Swingate House, including work on the utilities. The development was now actively being pursued and developers would be fully on site in early 2024.

8. First Quarter Revenue Budget Monitoring 2023/24

In response to a question, Officers confirmed that the short course fees for Refuse and Recycling and Street Scene operatives was circa £14k.

9. Annual Treasury Management Review 2022/23 and Prudential Indicators

Noted.

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

None.

5 URGENT PART I BUSINESS

None.

6 **EXCLUSION OF PRESS AND PUBLIC**

It was **RESOLVED**:

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

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

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

It was **RESOLVED** that the Part II Minutes of the Overview and Scrutiny Committee held on 24 July 2023 be approved as a correct record and signed by the Chair.

8 **PART II DECISIONS OF THE EXECUTIVE**

12. **Part II Minutes – 18 July 2023**

Noted.

13. **Stevenage (Survivors) Against Domestic Abuse (SADA) Service Update**

The Committee received a report and asked a number of questions regarding this item which were answered by the Operations Director (RG).

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

None.

10 **URGENT PART II BUSINESS**

The Committee expressed their best wishes to the Chair, Councillor Lin Martin-Haugh as she was currently unwell.

CHAIR

STEVENAGE BOROUGH COUNCIL

ENVIRONMENT & ECONOMY SELECT COMMITTEE MINUTES

Date: Tuesday, 10 October 2023

Time: 6.00pm

Place: Council Chamber, Daneshill House, Danestrete, Stevenage

Present: Councillors: Rob Broom (Chair) (Chair), Adam Mitchell CC (Vice-Chair) (Vice Chair), Jim Brown, Bret Facey, Sarah Mead, Ellie Plater, Graham Snell, Forhad Chowdhury and Anne Wells

Start / End Time: Start Time: 6.00pm
End Time: 7.42pm

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

Apologies for absence were received by Councillors Conor McGrath, Andy McGuinness, Claire Parris, Ellie Plater and Baroness Taylor of Stevenage, OBE.

Councillor Anne Wells substituted for Councillor Claire Parris, and Councillor Forhad Chowdhury substituted for Councillor Conor McGrath.

There were no declarations of interest.

2 **MINUTES - MONDAY 4 SEPTEMBER 2023**

It was **RESOLVED**: That the Minutes of the Meeting of the Committee held on 4 September 2023 be approved as a true record of the proceedings and be signed by the Chair.

A Member commented on the nudges that were done to stop car drivers moving round freely as this also had an impact on the bus services as well as cars. Buses needed to get round in certain times so this affected traffic flow. The Scrutiny Officer advised that the unintended consequences of this would be picked up and has been noted in the review.

3 **INTERVIEW WITH HERTS VISION LOSS CHARITY AND STEVENAGE IRISH NETWORK FOR OLDER PEOPLE**

The Chair welcomed Alison MacDougall, trustee for Herts Vision Loss, and Lorna Whitaker, Herts Vision Loss service user and a local resident with lived experience, to the Committee.

The Chair asked whether they were able to use the service easily. Ms Whitaker informed Members that there was nothing visually that could tell another person they were partially sighted, therefore this contributed to the problem of using buses. She

explained that the information boards were difficult to use, and it would be useful if they were a darker blue so the writing was bolder and brighter, and if they could be lower as they were too high up. When buses came unexpectedly into other bays there was no way of knowing without reading the information boards quickly, which was often difficult for those with vision loss.

The Chair asked whether all the screens should be lowered. Ms Whitaker advised that people with vision loss wanted to travel comfortably and independently. There were individual screens for each bay so all screens should be lowered so they could see the information quicker. There were also signs high above the doors that would be missed by people with vision loss.

Ms MacDougall informed the Committee of a sight loss council which partnered so far with 18 Councils such as Bedfordshire and Essex but there was not one in Hertfordshire yet. The sight loss council in London was currently working with TfL and was implementing audio announcement buttons for bus arrival times and display screens which provided clearer information. The Scrutiny Officer advised that the Committee heard from the County Officers that this would be implemented soon, and Arriva confirmed all buses would be retrofitted.

The Chair asked whether Ms Whitaker felt she could get onto buses safely. Ms Whitaker advised that the colour of the buses was difficult for people with vision loss as pale green or pale blue buses blended into the surroundings and was almost invisible. She suggested that it would help if buses contrasted with their environment, so they were easier to spot. She also expressed issues with not being able to see the display on the front of the bus and advised that LED displays were much easier to see. Ms MacDougall advised that there was a slight delay as people with vision loss needed to see which stop they were at before alighting and often didn't know.

The Chair asked whether the buses were regular and reliable. Ms Whitaker advised that there was a period where they were unreliable but now the issue was whether they were just late or if they were cancelled. The information at bus stops only displayed which order the buses would come in, no real time information as to what time it would come if it was late or if it was cancelled. She suggested that real time information would be helpful. Many people with vision loss relied on public transport and needed access to reliable bus services to get to work or hospital appointments. Ms MacDougall added that a larger font option would be helpful.

The Chair asked whether the apps helped or whether people used this. Ms MacDougall advised that she believed it was an age issue regarding the apps. Older people might not use them. She also suggested an app being trialled by the Bedfordshire sight loss council.

Ms MacDougall informed Members that there was a section on the interlink website for visually impaired people and there was a card scheme she had never heard of that she could promote through the charity. The Assistant Director (Planning & Regulatory) advised that the County Council and Bus Operators controlled this. He also advised that Arriva had a journey assist card which could be printed or requested directly from Arriva.

Ms Whitaker advised that being aware of those with vision loss or other impairments should be included in the training drivers receive. In her experience, some drivers were very communicative, and this was helpful when calling out stops and letting her know where to get off. She also suggested that it would be helpful to ask bus drivers what would help them, for example an identification badge. Ms MacDougall asked whether this was included in their training and offered to assist and create training if needed.

The Scrutiny Officer suggested that it would be helpful for groups such as Herts Vision Loss to have direct conversations with Arriva to talk through some issues.

The Chair thanked Ms MacDougall and Ms Whitaker for their contribution to the meeting.

The Chair then welcomed Ann Meldrum, a local resident and bus user, to the Committee.

Ms Meldrum described a petition she started calling for a decent, reliable, and regular bus service in Stevenage. It originally started because of the Bedwell buses only having one bus an hour which created a lot of issues and she found that unhappiness surrounding the bus service was a lot of Stevenage residents experience. The petition received 3021 signatures and most of the comments were that they were unreliable.

Ms Meldrum informed Members that Arriva brought in someone to deal with these issues. They have made some services longer, but she believed that if the longer services were more reliable then this was a positive improvement. She also explained that Bedwell had a Number 7 bus as well as the Number 6 which had made a difference to bus use in Bedwell.

The Chair asked Ms Meldrum some questions about the petition. She advised that she started it in August/September 2022 and the new timetables came into force in September this year. The petition went to Arriva and interlink.

Ms Meldrum advised that information on the time boards was key. In Peterborough every bus stop had real time information on when the next bus was coming. This would be helpful to implement in Stevenage and she had been discussing this with Hertfordshire County Council since January. She added that if users did have an issue there was contact information in the station that they can use to send in complaints. She encouraged people to do this as it could help solve the issues people have.

The Chair thanked Ms Meldrum for her contribution to the meeting.

4 **INTERVIEW WITH SBC EXECUTIVE PORTFOLIO HOLDER FOR ECONOMY & TRANSPORT**

The Chair welcomed Councillor Lloyd Briscoe, Executive Portfolio Holder for Economy & Transport, to the Committee.

The Chair asked for Cllr Briscoe's view on Arriva pulling out of the ZEBRA scheme. Cllr Briscoe advised that it happened last March, and he had been having conversations with County Councillor Phil Bibby as the lead for transport at HCC. The same issue had happened in Milton Keynes. He explained that SBC were upset that they were losing the electric buses as it was also about the carbon emissions. He raised issues with Arriva's comment that there was a reduced customer demand post pandemic as the reason for pulling out the scheme and that private operators were not accountable to democratic services. He explained there was a new scheme called ZEBRA2 which HCC are applying to for funding, but this wouldn't come to Stevenage due to Arriva and HCC nominating another service provider.

The Chair asked whether there was a way to encourage the County Council into awarding the scheme to Stevenage, and whether there was opportunity to regularly discuss bus services with HCC and Arriva. Cllr Briscoe advised that there was a bus service improvement plan on the HCC website, and this was a positive move. It was his opinion that the bus operators were there to provide a service to residents, not to just make profit, and believed that private suppliers weren't meeting customer demand for buses.

A Member agreed that Arriva had broken the understanding about electric buses which SBC had put a lot of work into and asked how much it cost SBC and HCC to prepare. The Assistant Director (Planning & Regulatory) advised that it cost SBC Officers time. HCC had consultations so they would've paid extra for that.

Another Member asked whether there were any timeframes, whether there was a demand for the service and whether this changed depending on different times of the day. The Assistant Director (Planning & Regulatory) advised that Arriva hadn't said anything about shifting the buses they used. Buses being smaller would be more economical and efficient but still required drivers and was a capital expense. Cllr Briscoe advised that the Baroness Taylor spoke about the ZEBRA scheme in Stevenage in the House of Lords and described a cyclical issue with people believing the service was unreliable so not using it, but Arriva could not invest as they were concerned about lack of use so didn't provide the service.

The Chair raised issues around the connectivity of the bus stations and to the town centre and asked whether this would be improved with the Stevenage Regeneration. The Assistant Director (Planning & Regulatory) advised that there was an immediate improvement to the signage, drop kerbs, and easier routes which was worked on by the regen and engineering teams. The new civic hub and town square would create easier access routes when completed. There was also an ongoing discussion with Age UK to support shop mobility. The shop in the bus station was originally intended for them but they didn't want it and wanted to be based in the indoor market.

A few Members asked why Age UK didn't want the shop as the indoor market could be inaccessible and was only open a few days a week. The Assistant Director (Planning & Regulatory) advised that the response from Age UK was that they didn't want to run two facilities and so declined the shop and remained in the indoor market, however made a note that more discussions could take place.

Some Members raised issues with connectivity and suggested a small train to connect the bus station and the town. They also raised issues with the design of Lytton Way bus lanes. The Assistant Director (Planning & Regulatory) advised that as regeneration takes place, the town centre will grow towards the bus station. He also advised that Lytton Way was still a work in progress and there would be a north south bus route which would improve bus connections.

The Chair thanked Cllr Briscoe for his contribution to the meeting.

5 **INTERVIEW WITH PLANNING POLICY AND CLIMATE CHANGE OFFICERS REGARDING BUS SERVICES**

The Chair welcomed Zayd Al-Jawad, Assistant Director (Planning & Regulatory), and Fabian Oyarzun, Head of Climate Action, to the Committee.

The Chair asked how much awareness was there around climate issues. The Assistant Director (Planning & Regulatory) advised that from a climate perspective, the main goal was to achieve modal shift rather than making existing journeys have a lower carbon footprint.

The Head of Climate Action informed Members that when it came to the sustainability of services they considered 3 types of sustainability – financial sustainability, social sustainability, and environmental sustainability.

The buses in Stevenage represent 1.9% of the territorial emissions, and less than 5% of the transport emissions. He believed that buses weren't reaching the audience they could, and this was the base of the demand problem as they weren't providing services for everyone, or they weren't engaging with all the users they could.

Stevenage was currently below the UK emission limits for air quality but was still above UN limits. The initiative that should be promoted was to be technologically neutral and exploring different technologies such as hydrogen to look at zero or low/ultra-low emissions. 95% of local emissions were from private cars so they needed to explore ways to make people use buses more and how to make those buses more efficient.

A Member stated that 80% of hydrogen extracted for transport had its own carbon emissions. The Head of Climate Action advised that decisions hadn't been made in central government around the use of hydrogen emissions and suggested this could be 2025 or later. The hydrogen used came from fossil fuels and was transformed into blue hydrogen by capturing and storing the CO₂, but this was not market ready yet. Green hydrogen used water to capture the CO₂ but was more expensive due to the technology involved. He suggested that new technologies could be made cheaper and more efficient soon.

The Chair thanked the Assistant Director (Planning & Regulatory) and the Head of Climate Action for their contribution to the meeting.

6 **UPDATED MAPPING DOCUMENT FOR BUS SCRUTINY REVIEW & FEEDBACK FROM MEMBER SITE VISIT TO POTTERS BAR GARAGE ELECTRIC BUS**

The Chair expressed that the Potters Bar site visit was very helpful in having conversation around the use of electric vehicles, understanding how viable electric buses could be, and how the technology was changing.

Members discussed how interesting they found the visit and how honest the conversations they had were. They described how heavy the buses were due to the batteries and how the batteries were affected by extreme temperatures. The Chair hoped that third generation buses would be more commercially viable.

The Scrutiny Officer added that there was an annual report going to the Executive Committee in October looking at the use of biofuels. The Stevenage fleet was something that was being actively considered for this. Biofuels produced 90% less CO2 than diesel, and although it was not perfect it could be used as a transitional technology. Additionally, biofuels could be used in diesel vehicles so no adaptations to the fleet would have to be made as the vehicles were more reliable and cheaper than electric.

The Chair thanked the Committee for their time on the topic of buses and concluded the bus scrutiny.

It was **RESOLVED**: That the Committee noted the updated mapping document for the bus scrutiny review.

7 **URGENT PART I BUSINESS**

There was none.

8 **EXCLUSION OF PUBLIC AND PRESS**

Not required.

9 **URGENT PART II BUSINESS**

There was none.

CHAIR

STEVENAGE BOROUGH COUNCIL
OVERVIEW AND SCRUTINY COMMITTEE
MINUTES

Date: Tuesday, 17 October 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, Andy McGuinness (substitute), Sarah Mead, Margaret Notley, Carolina Veres and Anne Wells.

Start / End Time: Start Time: 6.00pm
End Time: 7.28pm

1 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were submitted on behalf of Councillors Conor McGrath and Robin Parker CC. Councillor Andy McGuinness was in attendance as substitute member for Councillor Parker.

There were no declarations of interest.

2 MINUTES - 26 SEPTEMBER 2023

It was **RESOLVED** that the Minutes of the meeting of the Overview and Scrutiny Committee held on 26 September 2023 be approved as a correct record and signed by the Chair.

3 PART I DECISIONS OF THE EXECUTIVE

2. Minutes – 26 September 2023

Noted.

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

Noted.

4. Climate Change – Annual Update October 2023

The Assistant Director (Planning & Regulation) reprised the slide presentation he had given to the Executive, which had included slides relating to the 9 levels for the Climate Change Strategy; a summary of the work undertaken since last year; an annual update on Greenhouse Gas emissions; the plans for decarbonising the Stevenage Transport Sector and other sectors; and

progress on the “Dragon’s Den” local environmental/green improvement projects.

In reply to a series of Member questions, the Assistant Director (Planning & Regulation) commented:

- the intention was to include the recycling of soft plastics as part of the Council’s own aspiration of a 0% target for sending waste to landfill or incineration;
- regarding whether or not the commitment to be net carbon zero by 2030 was still realistic, there was no complete package showing how the Council would achieve this target. The most representative graph in the report was the one at Paragraph 3.68 showing the 40 SBC sites with the highest carbon emissions. The Council was looked at schemes/business cases to redevelop and decarbonise some of these sites. This would be allied to the use of HVO fuel in the Council’s vehicle fleet to reduce emission levels. The Council had neither the legal powers nor financial resourcing to fully decarbonise everything in the Borough by 2030;
- lessons had been learnt from the 2020 Climate Change Citizens’ Panel. The more recent approach had been the Topic Reference Groups, involving those with specialist interests in Climate Change (eg. the ATLEE Group about public transport and non-car methods of travel). Further work had to be done on how to best engage with those who were not committed to the Climate Change agenda. However, some education work had been carried out, in conjunction with Council partners and local businesses, including the sharing of best practice;
- the use of HVO fuel, and its potential roll out to the whole of the SBC vehicle fleet would be the subject of a Business Case. It was hoped that it would be introduced during 2024. The makers of all of the Council vehicles had agreed that their vehicles were suitable for conversion to use HVO fuel. It was planned that the heavier vehicles would be converted first, which would reduce 90% of carbon emissions;
- the Hertfordshire Waste Partnership was looking at supporting the Council’s aspiration to send 0% waste to landfill by 2030;
- the Council’s Helston House development was an example of new build with decarbonisation way beyond that which was required by Planning legislation. As part of the Council’s 5 year review of its Local Plan, one of the two areas for intensifying policy was Climate Change, and officers would push as far as they could in terms of the Government’s planning regulations;
- engagement with SBC staff regarding decarbonising of travelling to work was ongoing, highlighting season ticket discounts for buses and trains. It had also been recognised that staff also needed to be incentivised to travel differently; and
- although not included in the list of the 40 SBC sites with the highest carbon emissions, a number of the other High Rise Blocks across the town were being assessed by the Housing Team in terms of decarbonisation.

5. Housing Allocation Policy

The Housing Operations Manager advised that the Executive had approved a revised Housing Allocation Policy. The Policy met statutory requirements and strengthened the focus on assisting those with most housing need by making the best use of the Council's limited social housing stock. This was against the backdrop of unprecedented demand on housing due to the ongoing cost of living crisis.

In reply to Members' questions, the Housing Operations Manager stated:

- in relation to overnight caring (Paragraph 4.1.4 of the report), each individual case would be looked at to ensure that the needs of applicants were met;
- the changes outlined in the Policy would be applicable from when the Policy came into force (currently planned for July 2024);
- if a housing register applicant was housed by SBC outside of the Borough, and if an opportunity had arisen, the applicant would still be eligible for social housing in Stevenage provided they met the residency connection criteria of being resident in the Borough at the time of the application and having done so for 5 of the last 7 years; and
- as stated in the report, an easy read reference guide to assist applicants would be created to accompany the Policy.

In response to a specific question raised as to the number of those on the current Housing List who would be removed from the list when the new Policy came into effect, the Strategic Director (RP) agreed to ensure that this figure was provided to Members of the Committee. It was confirmed that all such individuals affected would be contacted by the Council.

It was requested that, due to the significant number of recent personnel changes in the Housing and Investment Service, all Members of the Council be provided with the latest list of Housing Officers, together with contact details.

6. Stevenage Borough Council Corporate Plan – Making Stevenage Even Better

The Strategic Director (RP) advised that the new draft Corporate Plan outlined the future vision of the Council for the next 5 years. The document would be co-produced following a public consultation exercise running from 23 October 2023 to 4 December 2023. As the Corporate Plan was part of the Council's Budget and Policy Framework, a proposed final version would be submitted to the Executive and the Overview & Scrutiny Committee in January 2024, prior to adoption by the Council.

In reply to a question concerning the single page length of the document (compared to the multi-page documents produced by other councils), the Strategic Director (RF) stated that the Plan outlined the Strategic Priority Framework, below which sat a raft of other Policies, Strategies and work

streams, all of which were reviewed regularly.

7. Co-operative Commercial and Insourcing Strategy 2023 – 2026

The Assistant Director (Finance) advised that the Executive had approved the updated Strategy and the proposed Fees and Charges for 2024/25. The cross-party Council Financial Services Group (CSFG) had considered the Fees and Charges and a majority had voted in favour of the proposed increases.

Members were concerned that the CSFG was a small group, and felt that a wider sample of Member views on the fees and charges should be obtained. The Strategic Director (CF) commented that CSFG was part of the Council's budget-setting process, and that both the Executive and the Overview & Scrutiny Committee would be provided with a further chance to look at the fees and charges in the early part of 2024.

In respect of a number of further questions, the Strategic Director (CF) replied as follows:

- insourcing of services would take place according to scalability and level of expertise. If the required level of expertise for a particular service did not exist within the Council then it was unlikely that this service would be insourced;
- the proposed increases in fees and charges reflected the Council's financial position, and had been benchmarked against those charged by other local authorities. A balance had to be struck between increases which might result in less income and those which were reasonable. In all cases, the recommended SBC increases were below the current level of inflation; and
- the fee/charge relating to Street Naming/Numbering was that charged by the Council's Engineering Team to developers of new sites for the administrative costs of formalising and registering the names/numbers of new streets.

8. Towns Funds – Programme Delivery Update

The Assistant Director (Regeneration) advised that the report provided an update on the spend of the £37.5M Towns Fund monies allocated to the Council for 9 new projects. The Council had a role both as the main delivery body for the projects, but also as accountable body for expenditure of the Towns Fund monies.

The Assistant Director (Regeneration) commented that the report contained an update on the early stages of work for a new Museum/New Town Heritage Centre. The Executive had also delegated authority to officers for the procurement of design services, via a procurement framework, for the Station Gateway and Central Core West Major Opportunities Areas (MOA).

In reply to a Member's question, the Assistant Director (Regeneration) agreed

to liaise with the Engineering Team and provide an answer as to the level of usage of the electric car charging points in the Council's Multi-Storey Car Parks.

In response to a further question, the Assistant Director (Regeneration) stated that, in terms of the proposed new Leisure Hub on St. George's Way, officers had been and would continue to participate in discussion with the HCC Passenger Transport Unit regarding the provision of bus services for the whole of the Town Centre "ring roads" (Lytton Way, Fairlands Way, St. George's way and Six Hills Way).

In view of the volume of projects (Towns Fund or otherwise) taking place or planned to take place in the Town Centre, a number of Members requested an update on the overall Regeneration Plans for the town. The Strategic Director (TP) felt that this would be best addressed via another All-Member Briefing, and agreed to investigate possible dates for this Briefing.

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

None.

5 URGENT PART I BUSINESS

None.

6 EXCLUSION OF PRESS AND PUBLIC

It was **RESOLVED**:

1. That, under Section 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 involved the likely disclosure of exempt information as described in Paragraphs 1 to 7 of Part 1 of Schedule 12A of the Act, as amended by SI 2006 No. 88.
2. That having considered the reasons for the following item being in Part II, it be determined that maintaining the exemption from disclosure of the information contained therein outweighed the public interest in disclosure.

7 PART II MINUTES - OVERVIEW AND SCRUTINY COMMITTEE - 26 SEPTEMBER 2023

It was **RESOLVED** that the Part II Minutes of the meeting of the Overview and Scrutiny Committee held on 26 September 2023 be approved as a correct record and signed by the Chair.

8 PART II DECISIONS OF THE EXECUTIVE

11. Part II Minutes – Executive – 20 September 2023

Noted.

12. Co-operative Commercial and Insourcing Strategy 2023 – 2026: High Level Action Plan, Insourcing Roadmap and Changes to Key Performance Indicators

The Assistant Director (Finance) advised that this item followed on from the Executive’s approval of the Co-operative Commercial and Insourcing Strategy (see Minute 3 above).

The Strategic Director (CF) answered a number of Members’ questions regarding the report.

13. Towns Fund – Sports and Leisure Hub Progression

The Assistant Director (Regeneration) reminded Members that last year the Council had engaged Morgan Sindall as its development partners for progression of the proposed new Sports and Leisure Hub facility, towards which £10M of Towns Fund monies had been earmarked. The report updated Members on the feasibility study prepared by Morgan Sindall.

The Assistant Director (Regeneration), assisted by the Strategic Director (CF), answered a number of Members’ questions in respect of the report.

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

None.

10 URGENT PART II BUSINESS

None.

CHAIR



Meeting EXECUTIVE

Portfolio Area Housing and Housing Development / Resources and Transformation

Date 15 November 2023



HOUSING REVENUE ACCOUNT BUSINESS PLAN REVIEW 2023

KEY DECISION

Authors Keith Reynoldson; Sally Norman

Contributor Ash Ahmed; Denise Lewis; Steve Dupoy; Andrew Garside; Karen Long

Lead Officers Clare Fletcher; Richard Protheroe

Contact Officers Keith Reynoldson; Sally Norman

1 PURPOSE

- 1.1 This report includes a full revision of the Housing Revenue Account (HRA) 30 year Business Plan. It sets out the current operating environment for the HRA, highlighting regulatory changes and investment needs of the housing stock and includes a revised debt position for the ring-fenced account.
- 1.2 The plan also forms the basis for the 2024/25 budget setting cycle for the HRA and provides the medium-term projections for capital expenditure on existing and new housing stock.

2 RECOMMENDATIONS

- 2.1 Members are asked to approve the 2023 revision of the HRA 30 year business plan.
- 2.2 That the revised approach to borrowing principles (paragraph 4.3 refers) are approved.
- 2.3 That the level of balances for the HRA Business Plan, set as a minimum £10Million (uplifted for inflation for future years), be noted (paragraph 4.4.14 refers).
- 2.4 Members are asked to approve the assumptions used for the Medium-Term Financial Strategy (paragraph 4.4.1 refers) and the growth and saving proposals (paragraph 4.4.3 refers) are incorporated into the 2024/25 budget.
- 2.5 That the Capital Programme assumptions contained within the report are approved for the housing stock and new build properties and incorporated into the 2024/25 budget.
- 2.6 That prudential borrowing to fund capital projects in 2024/25 of £18.8Million be approved and that future years are considered annually in line with future anticipated expenditure.
- 2.7 That members approve additional HRA revenue budget of £176,000 in 2023/24 to extend fixed term contracts for staff to the end of this financial year (paragraph 4.4.5 refers) and that this is within current Executive delegated limits.
- 2.8 That the Trade Unions and staff be consulted on the key messages contained within the Medium-Term Financial Strategies and more specifically when drawing up any proposals where there is a risk of redundancy.

3 BACKGROUND




3.1 PURPOSE OF THE HOUSING REVENUE ACCOUNT BUSINESS PLAN

- 3.1.1 The Council's Housing Revenue Account (HRA) 30-Year Business Plan was originally approved by the Executive in 2014. The HRA Business Plan sets out the Council's ambitions for the development of new homes, maintenance of its social housing stock and provision of its tenancy management services, as funded through the ringfenced HRA income. These ambitions were based upon the assumptions and assessments of key housing challenges at the time.
- 3.1.2 Since 2014, the HRA Business Plan has been reviewed frequently to ensure that any changes in approach to financial strategy, policy or direction of travel for the Council are reflected. This report sets out a review of key assumptions and material internal or external changes, revenue and capital investments for 2024/25, with the impact of proposed changes clearly identified.
- 3.1.3 The HRA Business Plan underpins the Council's key housing priorities for Stevenage as set out under 'More Social, Affordable and Good Quality Homes (MSAGQH)', one of the five strategic priorities of the Future Town Future Council Corporate Plan. In delivering the MSAGQH objectives, this report aims to achieve a balance between:

- Setting rents and service charges at affordable levels for tenants and leaseholders (within national policy constraints) particularly in response to significant cost-of-living challenges brought about by high inflation, food, energy and living costs
- Investing in new social and affordable homes so that the demand for housing can be met, particularly in response to the diminishing number of Council's homes lost through the Right to Buy Scheme
- Spending on housing management, maintenance and support services that meet the needs of our tenants and service users, whilst balancing this with the need to do more with less in response to additional housing regulatory and statutory requirements
- Investing in the maintenance of the social housing stock to ensure that tenants have good quality and sustainable homes to live-in, particularly in response to the climate crisis
- Continuing to deliver against all the requirements listed above whilst managing the HRA debt effectively, with sufficient reserves being held to ensure the Council remains financially resilient

3.2 HOUSING REVENUE ACCOUNT BUSINESS PLAN REVIEW 2019/20

3.2.1 The table below provides a summary of the overall commitments set out at the last comprehensive review of the HRA Business Plan in 2019/20.

Area	Commitments in 2019/20 HRA BP review
 <p>Housing Development</p>	<ul style="list-style-type: none"> • £646m housing development funding (30 years) • Includes £64m additional development funding • For 271 additional new homes
 <p>Housing Asset Management</p>	<ul style="list-style-type: none"> • £835m stock investment funding (30 years) • Includes £6.7m additional stock investment funding • For building safety, new decent homes standard, cyclical works, high rises and asset review
 <p>Housing Service Delivery</p>	<ul style="list-style-type: none"> • £979m housing management and repairs funding (30 years) • Savings target reduced to £100k per annum (over 30 years) • Responsive repairs efficiency of 2% per annum (over 30 years)

3.2.2 This report provides an update on the 2019/20 HRA BP review commitments (reported to the Executive in December 2019) and the revised financial assumptions in response to economic, national and local policy changes. It sets out the rationale underpinning the Council's shift in approach from repayment of debt over the lifetime of the plan, to refinancing some existing borrowing to fulfil the significant regulatory, statutory and financial burdens introduced by the current Government. The revised financial assumptions that are built into the Business Plan cover:

- Rent Projections

- New Build Projections
- Treasury Management
- Review of borrowing and debt scheduling
- Funding of the Capital programme
- Projections of Financial Security targets
- Future pressures and risks
- Inflation projections

3.3 THE POLICY CONTEXT

This update takes account of the impact of economic factors and government initiatives where they are known and flags as risks those that cannot be quantified at the current time.

Social Rent Policy

- 3.3.1 Since 2012, the Government has implemented successive rent reforms intended to make the welfare benefits system more affordable and equalise local rent levels between different social housing providers. From April 2016, the Welfare Reform and Work Act required social landlords to reduce their rents by 1% each year for four years. The measure was forecast to save the Government £1.4 billion by 2020/21, primarily in reduced Housing Benefit expenditure. The impact of this change in policy had a direct impact on HRA Business Plan modelling and in Stevenage it was estimated to have reduced the Council's rent income by £225 Million over 30 years, substantially less than was envisaged when the self-financing settlement was made and the HRA 30 Year Business Plan was introduced.
- 3.3.2 In October 2017, the Government announced that increases to social housing rents would be limited to the Consumer Price Index (CPI) plus 1% for 5 years from 2020, and in April 2022 Stevenage's tenants rent was increased to 4.1%. The Resolution Foundation's Housing Outlook observed that nationally this would be "the largest rise in social rents for a decade." The following year, in response to increasing inflation and cost of living pressures the Government introduced a rent ceiling of 7% from 1 April 2023 to 31 March 2024. Whilst anticipated to save the average social rented tenant £200 over the year, this represented a shortfall to the Council of 4.1% when based upon the previous CPI+1% formula (at the time CPI was at 10.1%).
- 3.3.3 Despite various Government policy interventions in response to the Cost-of-Living crisis, locally there continues to be a challenge in rent and service charge collection. Tenant rent arrears remain historically high (26% increase in Tenant rent arrears between March and June 2023) as people struggle with increased food, energy and fuel bills. This is predicted to increase over the winter months, as despite a fall in energy bills following the reduction in price cap to £1,923 (due to begin in October 2023), this is anticipated to be offset by increased Winter usage and the removal of the £400 per household universal rebate and energy price guarantee.

Welfare Reform

- 3.3.4 Coupled with the Government's policy position on social rents, there has been successive welfare reforms since 2012. This most notable of which was the introduction of Universal Credit (UC). The Government first launched UC in 2013 as an attempt to streamline its benefits offering, replacing 6 legacy benefits including Housing Benefit, and intended to reduce benefit dependency for households. The outcome of this reform locally has seen an increase in the level of tenants struggling to pay rent, often as an outcome of the 6-week UC waiting period exacerbating or leading to debt problems, with some claimants finding it difficult to adjust to managing their own money. In Stevenage, tenants in receipt of Universal Credit and in rent arrears are 71% of the total overall arrears' cases dealt with by the Council's Income team.
- 3.3.5 The Council is also seeing an increase in requests for Discretionary Housing Payments (DHP), as well as reduced funding from central Government and changes to the thresholds at which people can access support. As a result, more tenants are being refused DHP, and those who are successful are receiving less than previously would have been the case. The Council is continuing with the programme of work to support residents through the cost-of-living crisis, and it will continue to monitor the ongoing impact on the HRA and respond as appropriate.

Building Safety Act

- 3.3.6 The Building Safety Act was enacted on 28 April 2022. The Act was introduced in response to the Grenfell Tower tragedy and the recommendations by Dame Judith Hackitt following her review of Fire Safety and Building Regulations in 2018.
- 3.3.7 The Building Safety Act seeks to transform how tall residential buildings are designed, constructed and managed. It was brought in to tackle some of the fundamental safety issues identified during the first phase of the Grenfell Inquiry and introduces a new body, the Building Safety Regulator (BSR), to oversee and licence the occupation of all in scope buildings.
- 3.3.8 Under the Act there is a legal obligation for all contractors working on or in such buildings to ensure that the building work they carry out is compliant with all relevant requirements (i.e., building regulations). There are requirements covering the management of existing High Risk Residential Blocks (HRRB's) and how social landlords must provide information to their residents about fire and building safety. It has also redefined a series of servicing frequencies for critical fire safety assets, such as Dry Risers and Automatic Opening Vents and the information the Council must share with the Fire & Rescue service, to assist them in managing any emergencies on site.
- 3.3.9 In addition to new legislative and regulatory requirements, the Act introduced a new responsibility framework to ensure effective management of High Rise (over 18 metres) and High Risk (to be defined by the Council) buildings. The BSR is responsible for overseeing the safety and performance systems of all buildings. It will have powers to enforce the rules and act against those that break them. For high-risk buildings they will be able to implement more stringent rules, including how they are designed, constructed and occupied.

- 3.3.10 The BSR will initially be based within the Health and Safety Executive (HSE), and will be utilising the local Fire & Rescue Service (FRS) to monitor and report against buildings locally. The FRS also have a duty to report any significant concerns directly to the BSR.
- 3.3.11 The second new role within the new framework is the Accountable Person. The Accountable Person will have an ongoing duty to assess Building Safety risks and provide a Safety Case Report which demonstrates how building safety risks are identified, mitigated, and managed on an ongoing basis. The Accountable Person for the Council is the corporate body as previously agreed by the Executive.
- 3.3.12 All the Council's HRRB's must be registered with the BSR and a Building Safety Case must be submitted to support a new Licence to Occupy HRRBs. To achieve this licence, the Council must provide clear information about the building, identifying any non-conformities to Building Regulations and how the Council proposes to remediate them, along with detailed plans of how these risks are mitigated. All the Council's HRRB's have been registered with the regulator.
- 3.3.13 The consequences of not complying with legislative requirements can include, being instructed by BSR to decant all the residents with re-occupation only possible once a Building Safety Case is submitted, with detailed risk mitigation for all areas. The BSR can also levy unlimited fines. The known financial implications of the Building Safety Act have been incorporated in the revised HRA Business Plan.

Fire Safety Act

- 3.3.14 The Fire Safety Act 2021 clarifies the scope of the existing Fire Safety Order (2005) to make clear it applies to the structure, external walls (including cladding and balconies) and individual flat entrance doors between domestic premises and the common parts of a multi-occupied residential building.
- 3.3.15 A requirement of the Act is the completion of new Fire Risk Assessments across all Council domestic premises and multi-occupied residential buildings. The purpose of the assessment requirement is to ensure that all areas of a block are risk assessed, including external walls and cladding, however minimal the cladding maybe. The financial implications of the Fire Safety Act have been incorporated in the revised HRA Business Plan.

Decent Homes Standard

- 3.3.16 In November 2020 the Social Housing Whitepaper 'The Charter for Social Housing Residents' was published with an aim to rebalance the relationship between social landlords (both local authorities and housing associations) and tenants. A review of the Decent Homes Standard was a key commitment of the Charter. In the Levelling Up Whitepaper (2022) the Government built on this by promising to halve the number of non-decent rented homes (both in the social and private sectors) by 2030 and expand the requirement to the Private Rented Sector (PRS).
- 3.3.17 Consultation on the proposed changes to the Decent Homes Standard is due to commence in 2023/24 and will form part of the Regulator of Social Housing

proposed Safety and Quality Consumer Standard. Early indication suggests that the review will consider a range of changes, including:

- An updated list of items which must be kept in a reasonable state of repair for a home to be considered 'decent'.
- An updated list of services and facilities that every property must have to better reflect modern expectations for a 'decent' home.
- Whether the current Decent Homes Standard sets the right standard on damp and mould to keep residents safe.
- Updates to how the condition of building components, such as roofs and walls, are measured - to make sure that buildings which are not fit for use cannot pass the standard.
- The introduction of a Minimum Energy Efficiency Standard for the social rented sector.

3.3.18 Alongside the review of the Decent Homes Standard there will be a review on the Housing Health & Safety Rating System (HHSRS), which defines how risks with housing are identified. Including:

- Amalgamating some hazards assessed and producing a simpler means of banding the results of HHSRS assessments.
- Publishing baselines to indicate whether a property contains serious hazards, to make assessments easier to understand.
- Publishing new statutory operating and enforcement guidance and a comprehensive set of new case studies

3.3.19 The full financial implications of the proposed changes to the Decent Homes Standard and HHSRS will not be known until the requirements are finalised and adopted. The revised Business Plan does include some assumptions in anticipation of the changes which will need to be reviewed when more detail is known.

Climate Change (Existing & Future Homes)

3.3.20 In 2019, the Government committed to reaching net zero emissions by 2050, and in June 2019 the Council declared a Climate Change emergency and set itself the ambitious target of achieving net zero by 2030. In September 2020, following a significant public engagement programme which included securing responses from more than 1,500 Stevenage residents, the Council adopted its Climate Change Strategy which included several pledges to reduce Stevenage and the Council's emissions through carbon reduction projects.

3.3.21 A key priority within the Council's Climate Change Strategy action plan is the planning policy for zero carbon homes, exploring opportunities for renewable technologies across HRA buildings, and provision of energy efficient housing (including retrofitting of current council housing stock). The Council's commitment to achieving a minimum EPC band C for all Council homes by 2030 is key to this ambition.

3.3.22 An EPC is a certificate that rates the energy efficiency of a property on a scale from A (most efficient) to G (least efficient). EPCs are required when a domestic property is built, sold, or rented, and they impact on property values. Comparable properties with an EPC C are worth around 5% more than those

with an EPC D. In Quarter 1 2023/24, 55% of social housing stock had an EPC rating of C or above, and work is underway to improve this position through the introduction of various initiatives to calculate and plan energy improvements as part of the Council's Asset Maintenance Strategy.

3.3.23 In September 2023, the Government revised some of its net zero commitments and confirmed the following:

- New oil boilers will still be able to be sold until 2035 (originally these were banned from 2026)
- Sales of new gas boilers still planned to be banned from 2035, but the poorest households will not have to switch. New technology will only have to be put in when people replace their existing boiler and poorer households "will never have to switch at all"
- The Boiler Upgrade Scheme grant has been increased from £5,000 to £7,500
- A 5-year delay on the sale of new petrol and diesel cars from 2030 to 2035
- Scrapping the need for landlords to make their rental properties have an EPC of C or higher by 2025.

3.3.24 Despite the Government decision to review its climate change commitments, Stevenage's commitment to delivering the EPC rating C programme remains in place. The work will cost on average £5,000 per property to fund and these costs have been included in the HRA review. To achieve wider net zero ambitions, such as a complete retrofit of all council homes it is estimated to cost on average £20,000 per property, or a total of £160Million and this cost is likely to change as new energy efficiency technologies emerge. Added to this, it is unclear what the impact of the Governments decision will be on the availability of central funding and the ability to finance future climate change ambitions.

3.3.25 The environmental sustainability and clean energy performance of new builds is also central to the Council's building programme. In June 2022, following the introduction of new Building Regulations, new homes in the UK were required to produce 30% less carbon emissions compared to the previous regulations. Moreover, by 2025, the Future Home Standard will require all new homes to produce 75-80% less carbon than homes built under the current Building Regulation, including upgrading heating & hot water systems with low carbon technologies, and reducing heat waste.

3.3.26 To meet the challenge of new Building Regulations requirements, the Council has embarked up on a range of pilot projects that improve energy performance through both passive measures and new cleaner energy generation. The pilot projects have improved SME supply chains and installation practices as well as securing efficient pricing. The majority of all new developments benefit from a fabric first approach of superior insulation and ventilation, which are supported by solar & air source heat pump energy generation and triple glazing.

3.3.27 Work is also underway with residents to introduce them to the new enhanced energy performance measures through soft-landing exercises designed to increase appreciation and support of clean energy benefits. Recognising the

important aspect of this work for environmental reasons and also the beneficial impact of reducing fuel poverty, the team has appointed a sustainability champion to lead on our pilot projects and ensure the emerging programme makes full use of best practices in this area.

Social Housing Regulation Act

- 3.3.28 The Social Housing Regulation Act was enacted in July 2023 and it has a number of financial implications for the HRA. Under the provisions of the Act the Regulator of Social Housing has introduced a more proactive regulatory regime through the revision of its Consumer Standards (currently under consultation till mid-October 2023); the introduction of tenant satisfaction measures; the requirement for all Housing Professionals to hold specific housing qualifications (yet to be decided); and a strengthened inspection role which includes the power to issue unlimited fines to landlords, order emergency repairs and access homes at 48 hours' notice.
- 3.3.29 As part of the RSH consultation, four draft consumer standards have been developed setting out the specific expectations and outcomes that all registered providers will be expected to achieve. The Council anticipate that the final set of standards will apply from April 2024, these are:
- The Safety and Quality Standard – requires landlords to provide safe and good quality homes and landlord services to tenants.
 - The Transparency, Influence and Accountability Standard – requires landlords to be open with tenants and treat them with fairness and respect so that tenants can access services, raise complaints when necessary, influence decision making and hold their landlord to account.
 - The Neighbourhood and Community Standard – requires landlords to engage with other relevant parties so that tenants can live in safe and well-maintained neighbourhoods and feel safe in their homes.
 - The Tenancy Standard – sets requirements for the fair allocation and letting of homes and for how those tenancies are managed and ended by landlords.
- 3.3.30 In response to the revised Consumer Standards, there will be a need for the Council to review how decision-making and existing governance frameworks reflect the new requirements. There will be a need to review the Council's approach to housing performance and compliance management in-line with the new requirements. This will be underpinned by a review of the existing structure and staff resource to ensure that new demands are met. Including delivery of an increased level of tenant engagement and the development of systems, which can capture more data and information on tenants and properties.
- 3.3.31 There are also implications following the revised Housing Ombudsman (HO) Code of Practice, specifically in regard to complaint handling where the HO will be able to instruct landlords to apologise or pay compensation to the complainant, undertake repairs or implement staff training. Whilst the Council welcome the implementation of guidance from the HO, there will be financial implications to ensure that these requirements are met.

New Builds for Social Housing

- 3.3.32 The Council has continued the delivery of its ambitious new council housing development programme, which remains diverse in the types of quality homes being provided throughout the town. The programme has helped to deliver against a wide range of housing needs including homeless intervention projects; general needs housing for rent; Independent living homes for an ageing local population; as well as building for home ownership to raise revenue for cross subsidy. To date over 486 homes have been delivered. and in the next 30 years a total of 2,253 new council homes will be provided.
- 3.3.33 In light of the additional pressures on the HRA through increased inflation and regulation, options need to be explored to increase revenue income and minimise the payback period for new builds. These include:
- an increase in affordable rented properties which are linked to the Local Housing Allowance in order to ensure their continued affordability for residents
 - Shared Ownership as a tenure type to help meet the demand for local housing
 - improving the payback period for the Council and enabling a capital receipt to be generated to part fund these shared ownership/affordable works.

The Council will also continue to leverage its existing Investment Partner Status with Homes England in order to bring in external grant funding to deliver more affordable housing schemes.

Temporary Accommodation

- 3.3.34 The Council provides its temporary accommodation (TA) from within the HRA and the property management and maintenance costs are included in the ring fenced account. Before the start of the pandemic, there was a noticeable increase in the demand for TA that rose considerably during the COVID crisis, as the Government ordered all homeless households to be accommodated.
- 3.3.35 In response to the increased demand the Council has provided more properties within the HRA for TA and has also purchased bespoke buildings for this client group. As a result of this work there are currently no households in bed and breakfast accommodation (at October 2023) and cases are at more manageable levels. However, this is a demand led service and the Council is aware of some local authorities facing increased demand for housing in this area.
- 3.3.36 Looking forward, the current mix of provision is regularly reviewed and the Council is in the process of providing a new purpose built facility for temporary accommodation. This will enable a review of the current stock being used and let the Council match the demand for this service, while avoiding the use of expensive bed and breakfast accommodation that is funded from its General Fund services.

3.4 Additional Resources

3.4.1 The Housing Revenue Account (HRA) income is primarily from rents and service charges associated with the Council’s housing stock. Supplementary to this are three other sources of funding which the Council are increasingly reliant upon to bridge capital expenditure gaps and provide investment in new build projects.

Right To Buy Receipts

3.4.2 Income from the sale of social housing to tenants under the Right to Buy (RTB) scheme is used by the Council to fund additional social housing. In March 2023, the authority held £7.5Million of right to buy receipts, which is due to be invested into the provision of new council homes over the next 5 years. This will be increased by subsequent sales throughout the life of the plan.

3.4.3 It is difficult to predict future sales, particularly whilst there is still uncertainty in the economy and any period of recovery. However, for the purposes of the model sales numbers have been projected in line with current disposals at 35 per year, rising to 45 as the net level of stock held increases.

Grant Funding

3.4.4 The Council engages directly with Government and Housing Associations to source investment into new build projects. Recently the Council has sought direct investment into its own schemes by bidding for grant funding. The grants are used to deliver capital new build projects and support revenue expenditure for specific programmes e.g., decarbonisation of existing council homes. As these are normally scheme specific, only those known awards have ben included in the plan, apart from an assumption that decarbonisation funding to meet EPC targets will continue.

New Build Grant Funding	Amount
Land Release Fund (Brent Court)	£11,310,000
Land Release Fund (Kenilworth)	£900,000
Homes England (Elliott & North Road)	£639,000
Oval	£50,0000
Rough Sleeper and Next Steps Accommodation	£2,420,000
Local Authority Housing Fund	£1,760,000
Total	£17,079,000

Decarbonisation Grant Funding	Amount
Local Authority Delivery Scheme (LADS)	£1,036,220
Social Housing Decarbonisation Fund (SHDF) Wave 1	£1,836,550
SHDF Wave 2	£2,621,880
Total	£ 5,494,650

Leaseholder Funding

- 3.4.5 Leaseholders are obliged to fund a relevant proportion of qualifying works to the stock where there is mixed tenure in a building. It is difficult to project exact amounts of contribution until schemes are fully defined, but using previous levels as a guide, the 30 year plan includes £43Million towards capital investment programmes in the housing stock.

4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 HRA BUSINESS PLAN REVISION – PROPOSALS

Additional New Build Delivery

- 4.1.1 The proposed HRA Business Plan continues to support the work of the Council in the delivery of high-quality new build accommodation to meet various needs across the town. The ongoing provision of new build homes is vital to ensure that future HRA revenue levels are maintained. The previous targets established in the HRA (2019/20) have been met and the service has anchored the delivery of new homes to meet its 5-star development pledges.



- 4.1.2 Funding of the new build programme will utilise a mixture of RTB Receipts, external grant funding through schemes such as the Homes England Affordable Homes Programme, as well as the generation of capital receipts to cross subsidise the wider programme. The increase in costs associated with the New Build development programme is reflective of the current challenges within the building industry, with additional regulation and skills and materials shortages all combining to increase the cost of delivery.

Additional Asset Management Proposals

- 4.1.3 The HRA Asset Management Strategy sets out the following objectives and priorities for maintaining the Council's housing stock.

- Ensure safety is our number one priority, providing safe environments and homes for our residents.
- Deliver an excellent customer experience, empowering our customers through effective engagement and providing an easy to access, straightforward service.
- Tackle the climate change emergency by investing in the right solutions to reduce energy costs and our overall carbon footprint.
- Provide and maintain high quality homes improving standards in our estates and communities.
- Improve our performance and secure long term financial sustainability through effective management of our assets, smarter ways of working and innovation.

4.1.4 The revised Asset Management proposals included in the business plan are predominantly to support the changes in policy which have emerged since 2019 along with significant increases for labour and materials which has seen the cost of works increase and is reflected in the revised proposals. The key areas within the asset management proposals which will require additional resources are:

- Compliance with the current and future Decent Homes standards
- Compliance with Building Safety and Fire Safety Acts
- Decarbonisation and specifically all homes having a minimum Energy Performance Certificate (EPC) rating of C.

Repairs and Voids

4.1.5 Following the service reviews carried out by specialist advisers in 2023/24 improvement plans are being developed for both voids and responsive repairs. These plans will incorporate the recommendations from the scrutiny work completed by the Community Select Committee in 2022/23 (voids) and which have been progressed in the current financial year (repairs). Resourcing needs for delivering the service improvements have been identified and financial provision made within the HRA Business Plan.

4.1.6 In 2024/25 there will be a further resourcing pressure for the voids service as the Council looks to transition from the current arrangement whereby void works are completed by an external contractor (necessitated by the voids backlog carried forward from 2023/24) to the preferred in-house future operating model by April 2025. The base budget for 2023/24 is not sufficient to fund a contractor led model for the transitional year of 2024/25 to complete a backlog of voids and an additional £500k is estimated to be required to enable void works to be completed. An update which will outline the baseline assumptions for the future operating model from 2025/26 and the basis of our costs calculations for the transitional year will be provided within the draft HRA budget proposals for 2024/25 in December 2023.

Fencing

- 4.1.7 In 2022 a review identified that there were over 1,500 properties with outstanding repairs to boundary fencing and gates stretching back to 2019. This backlog of fencing repairs was due to several factors including an increased volume through storm damage, material and labour shortages and the impact of the Covid-19 pandemic from March 2020. In addition, a significant number of cases the fencing has been assessed as in need of either partial or full replacement rather than minor repair. Subsequently demand on the service has increased as a result of further storm damage in 2021 and 2022.
- 4.1.8 The Council commenced a planned programme to address the increased demand and agreed a budget of £1M for 2023/24. This investment is significant but will not deliver the backlog of work in full and the HRA Business Plan includes a further budget of £850k to deliver the remainder of the planned programme in 2024/25. The long-term policy for fencing repairs and replacements will be reviewed during 2024/25 and any future budget requirements will be incorporated into later revisions of the business plan.

Housing Service Delivery Proposals

- 4.1.9 Following the review of Consumer Standards by the RSH, there will be a need for greater capacity around resident feedback, quality assurance, and housing performance reporting. This will be a core function straddling both housing management, building safety and housing property services.
- 4.1.10 Effective fulfilment of the new requirements will require the retention of strategic complaints roles with a view to developing these into wider performance and customer insight roles. It is recognised that there is a need for 3 x Business Improvement Managers and the creation of a dedicated Resident Involvement Co-ordinator to ensure that there is compliance with the 'Transparency, Influence and Accountability' elements of the revised Consumer regulations. Underpinning this, it is essential that there is a stronger link with corporate communications as there will be an increased need to communicate to residents beyond existing mechanisms.
- 4.1.11 There will also be a requirement to build upon existing knowledge and data management to ensure housing data is managed and analysed effectively in response to Housing Ombudsman scrutiny. Staff will also be expected to demonstrate specific values and behaviours and have undertaken particular training and managers will need to have a certain level of housing qualification (still to be determined). There will need to be a training programme to ensure this standard is met.
- 4.1.12 In order to deliver a tenancy management approach in-line with new regulatory requirements it will be necessary to:
- ensure there is sufficient capacity to carry out regular tenancy audits (to reduce unnecessary costs due to hoarding or mistreatment of property)
 - review the approach to handling neighbourhood disputes so that they are resolved quickly and satisfactorily

- implement a tenant engagement framework so that tenants and leaseholders are encouraged to take-part in decision-making
- support vulnerable residents and proactive management of complex cases such as safeguarding and mental health by building on existing partnership arrangements.

4.1.13 To manage the housing stock more effectively, the Council has made significant in-roads through the review of the Under Occupation Policy, Local Letting Policy and Allocation Policy. To build upon this momentum and support implementation of the Council’s policy position, resources are needed to support the downsizing work and manage delivery of Older People’s Housing outside of Choice Based Lettings.

4.1.14 The Income Team have worked extensively to maintain levels of income and it is vital that the Income Team remains at full capacity. Further opportunities to explore efficiency through digital investment to increase income collection are also key to increasing income and tackling former tenant debt. There is a recognition that there is a need to drive savings and efficiencies from year 2 onwards linked to the transformation programme. Some of this will be around developing IT solutions and process improvement.

4.1.15 Through collaborative partnership working, the Income Team have worked hard to mitigate the impact of the Cost-of-living challenge and welfare reform for both the tenants and the Council. A review of the Rent Arrears Action Plan is underway to effectively tackle former tenant debt, recovering sums where possible and writing debt off where recovery has been exhausted.

4.2 Financial Model – Key Points

4.2.1 The HRA business plan review seeks to ensure that the Council can maintain its assets, fulfil new regulatory and statutory requirements and provide ‘More Social, Affordable and Good Quality Homes’. The table below summarises the key points from this latest revision of the 30 year model.

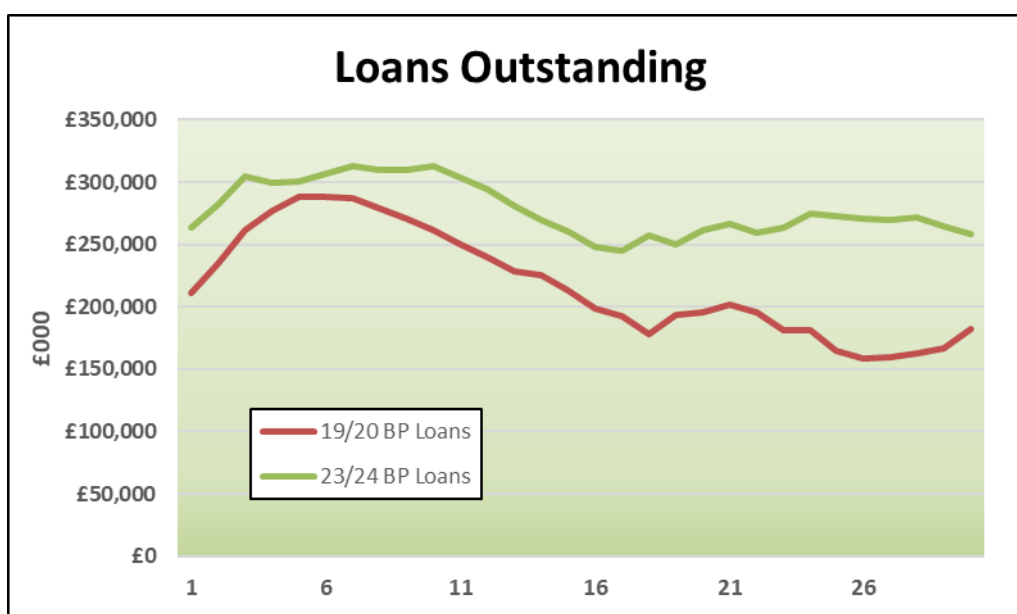
Key Points
Significant growth included, both capital and revenue
Increased borrowing to support capital spend
Refinancing some existing debt (not paying off as in previous plan)
Large savings needed to balance plan, especially in years 1-11
Net 1,133 new stock over the 30 year plan
Higher costs in first 10 years due to increased borrowing and savings targets

4.3 Borrowing Principles and Assumptions

4.3.1 The last full revision of the HRA Business Plan in 2019 followed the removal of a debt cap applied to HRA borrowing by the Government. Removing this

cap enabled the Council to increase investment in both existing and new stock. However, it was still possible to repay these loans over the life of the plan and new borrowing was only taken out to support new capital expenditure.

4.3.2 Since this time there have been considerable pressures on the ring fenced account including high inflation, a rent cap in last year, increased regulatory requirements and some lasting impacts from the Covid pandemic. This has required a change in the way that debt is managed. In order to provide the resources needed to manage the housing stock and balance the account, it will be necessary to refinance some of the existing loans as they become payable. This has changed the loan profile for the HRA, as shown in the graph below.



4.3.3 While this graph does illustrate that the HRA is projected to have a higher level of debt than the last plan, indicators are in place to ensure that this is affordable from income in the account. Currently total debt in the HRA is 5 times the level of annual income. However, due to the expected effect of inflation on rents, debt levels reduce to 1.6 times income at the end of the plan.

4.3.4 The affordability of the planned debt profile can also be assessed via the proportion of debt servicing costs (both interest and loan repayments) to annual income in the plan. Under the old housing subsidy system (ended in 2012) the Council paid approximately 38% of its annual income to the Government. As this system was replaced by debt it provides a useful comparison to the projected debt servicing costs. The model projects debt servicing cost to peak at 31% of income, with an average of 24% over the 30 years of the model.

4.3.5 These indicators show that the level of debt can be seen as reasonable over the life of the business plan, but due to the immediate pressures faced by the HRA there is a need for higher levels of borrowing in years 1 to 11 than later in the profile. This is illustrated in the table below and shown in the graph at 4.3.2. This does lead to a higher level of risk that has been included in the risk implications at 5.3 in the report.

Debt Funding	Years 1-11 £Million	Total 1-30 £Million
New Borrowing	£104	£351
Refinancing	£73	£104
	177	455
% of total borrowing 1-11	39%	

4.4 Other Financial Assumptions

4.4.1 The table below is a summary of the main assumptions used to complete the model.

	2024/25	2025/26	2026/27	2027/28
Inflation-Applied to:				
Salaries - % increase	3.50%	2.00%	2.00%	2.00%
CPI indices increases	6.70%	3.50%	2.20%	2.20%
RPI indices increases	7.70%	4.50%	3.20%	3.20%
BCIS	7.70%	5.90%	4.60%	4.60%
Utilities	8.00%	8.00%	8.00%	8.00%
Other Assumptions:				
RTB Sales	35	36	36	36
Void Rates (General Needs Stock)	1.25%	1.25%	1.25%	1.25%
Bad Debts (General Needs Stock)	0.82%	0.82%	0.70%	0.65%
Interest Earned on Balances	5.18%	4.43%	2.50%	2.00%
Service Charge Increase (excl Utils)	6.70%	3.50%	2.20%	2.20%
New Borrowing	£18.8m	£22.7m	£3.0m	£12.1m
Preliminaries on major works	7.50%	7.50%	7.50%	7.50%
HRA Minimum Balance	£10.0m	£10.2m	£10.3m	£10.5m

4.4.2 These assumptions will be used to form the Medium-Term Financial Strategy position for the HRA and will be reflected in the draft HRA budget for 2024/25 that will be going to December 2023 Executive.

Revenue Growth and Savings

4.4.3 In addition to the assumptions highlighted above the plan also includes the following growth items and continues additional maintenance costs included in the last business plan.

	£
One Off Growth	
Void Works	£500,000
Fencing	£850,000
	£1,350,000

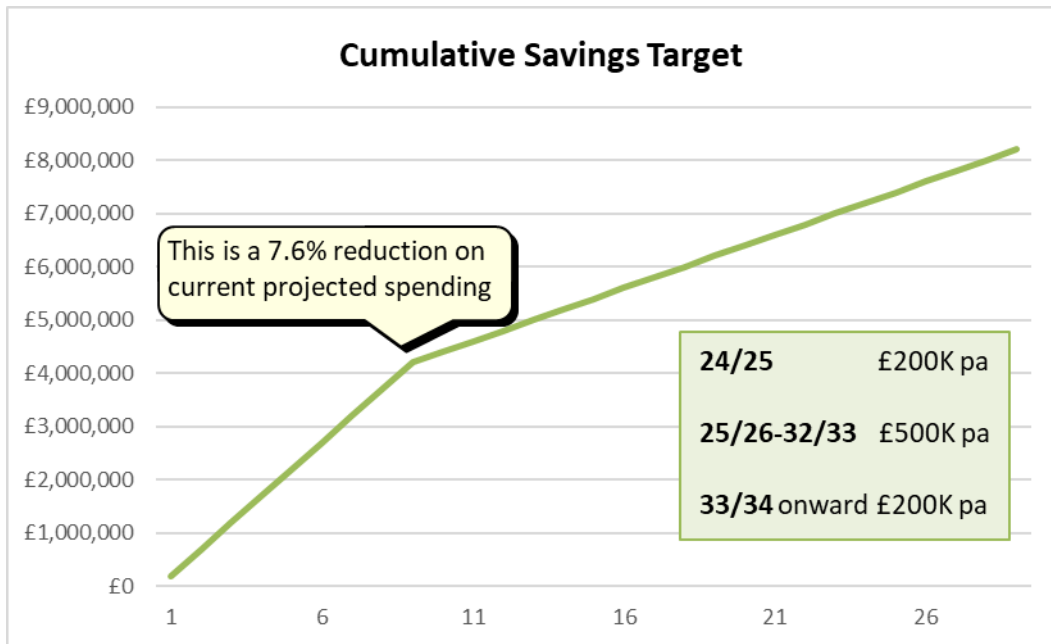
Ongoing Growth

Additional Staff Costs	£248,910
Pay award above budget	£276,000
Service Improvements	£200,000
ICT and System Pressures	£379,070
Switch to Eco Fuel (Oct 24)	£37,010
Regulatory Fees	£89,000
	<u>£1,229,990</u>

Continuing Maintenance

Building Safety	£500,000
Cyclical Maintenance	£250,000
Decent Homes	£250,000
Electrical Testing	£200,000
	<u>£1,200,000</u>

- 4.4.4 Provision has been made for increased costs relating to the fencing programme (£850K) and works to void properties (£500K) in 2024/25. However, these areas are both subject to operational reviews that could impact future costs, so have been treated as one off items in the plan until further detailed proposals are known.
- 4.4.5 The plan includes ongoing growth of £1.2Million, of this £379K relates to IT service provision and improvements. A budget of £200K has also be included to enable transformation service improvements and efficiency projects to deliver savings for the HRA. There are additional costs of £276K in relation to the 2023/24 pay award that is higher than the original budgeted cost of 3%, which was agreed October 2023. There are also posts within the salary structure that have been extended in response to operational challenges, including high levels of arrears and changes to regulations for the housing service. These have added £249K ongoing, but will require additional growth to the budget in 2023/24 of £176Kto extend current contract for the last three months of the year. Vehicle fuel costs have been increased by £37K to enable a switch to more environmentally friendly fuel types (HVO) and a post to inspect trees on housing land. Lastly, annual fees to the Housing Ombudsman and the Regulator of Social Housing have increased by £89K and have been included in the model.
- 4.4.6 In the last business plan additional maintenance budgets were included to reflect emerging regulatory issues and to improve the maintenance and condition of the housing stock. These sums have been continued in the current plan at £1.2Million per annum. However, it is acknowledged that some areas will need to be revisited when policy information is available regarding the impact of new regulation and a revised Decent Homes standard.
- 4.4.7 To offset these growth items savings targets have been included in the plan and the impact over the life of the model is shown in the graph below.



4.4.8 By year 10 of the model over £4Million per annum will need to have been saved from the budget. In order to achieve these savings a continuing programme of efficiency reviews will be set up in advance of each budget setting process. These will be used to challenge existing costs and find efficiencies and improvements for the housing service.

Capital Investment – Medium Term Years 1 to 11

4.4.9 The table below shows the projected areas of capital investment included in the business plan.

Capital Investment to 2033/34 (base year +10)

	£000	%
Major Repairs*	£248,664	58.77%
IT Investment	£1,010	0.24%
Equipment	£299	0.07%
Vehicles	£1,653	0.39%
New Build Dev	£171,511	40.53%
	<u>£423,137</u>	<u>100.00%</u>

*Net Zero funding not included

4.4.10 The plan allows for total investment of £423Million over the first 11 years, with the majority of this invested in existing and new housing stock. Nearly 59% of the funds will be invested in major repairs to the current stock and just over 40% into the development of new properties to rent. It is important that the Council continues to balance ongoing investment with the need to replace RTB sales, in order meet housing demand and ensure the financial stability of the HRA in the longer term.

Financial Model Risks

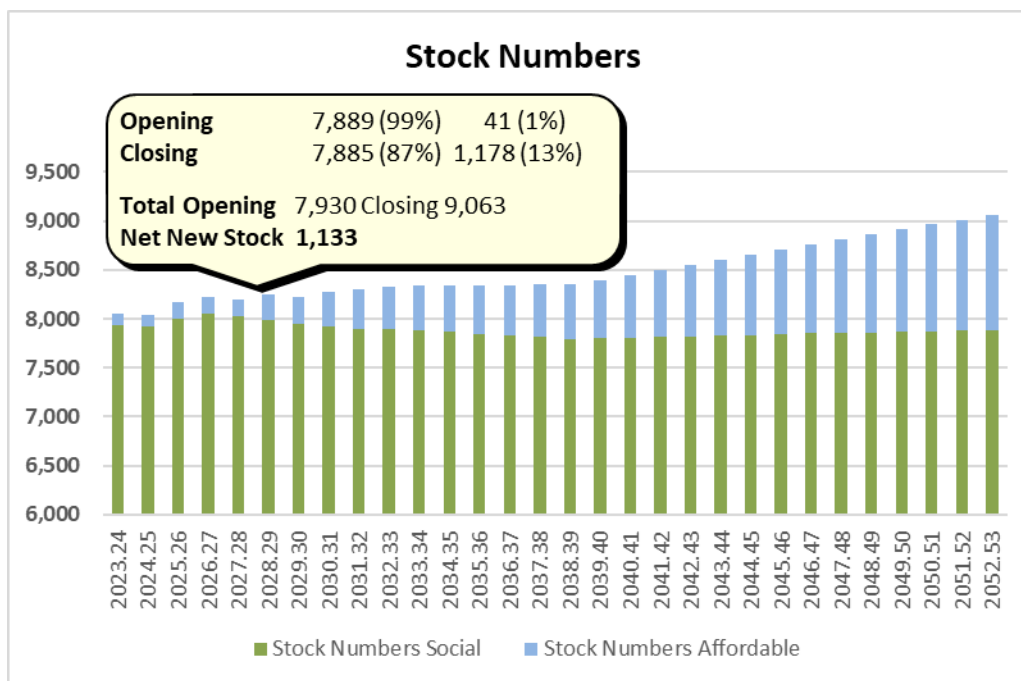
4.4.11 Section 5 of the report highlights significant risks and mitigations considered in producing the new business plan, but there are specific financial risks that have been identified relating to the financial model. These are:

- **Inflation** – recently this has been difficult to predict and impacts both income and expenditure within the model. It is the main driver for rent levels and is key to the overall stability of the HRA.
- **Interest Rates** – as the business plan now relies more heavily on borrowing, especially in the early years, it is more exposed to changes in borrowing rates.
- **Rent Policy** – the current Government policy that controls rents set by the Council is due to end in 2024/25. The plan assumes a continuation of the current approach, but this could be subject to change and may adversely impact the plan.
- **Regulation Changes** – the social housing sector is now subject to new regulations and standards. These are currently being implemented and some are awaiting finalisation. This could increase operating costs above those currently estimated in the model.
- **Climate Goals** – the Council is committed to achieving net zero as an organisation, but there are currently technical and funding issues regarding the decarbonisation of the housing stock. It is unlikely that the Council could meet the costs entirely from tenants rents and currently a definitive solution has not been identified. This area will need to be addressed in future plans.
- **Increased Right to Buy** – the Council currently has more demand for housing than can be met by the existing housing stock. The model allows for a net gain in properties over 30 years, but any significant increase in RTB sales would reduce income and place additional pressure on the development of new provision.

Financial Model Mitigations

4.4.12 To offset these risks there are potential mitigations that are either included in the proposed plan, or could be enacted if necessary.

4.4.13 The Council currently aims to have 50% of its new development as affordable rent properties, at 80% of market rents. As shown in the graph below, with the current proposals in the model these would only make up 13% of the total stock after 30 years and there would still be a large majority of social rented properties. This does allow the Council scope to increase the number of affordable rent properties, where this is needed to make future development schemes financially viable.



4.4.14 The last business plan had a calculated risk assessed minimum balance for the HRA. This rose throughout the life of the plan, but was initially set at approximately £3Million. Due to the level of uncertainty regarding the impact of new regulations and standards, and the need to borrow more in the early part of the plan, the minimum balances have been increased to £10Million. This will allow the HRA to absorb potential financial shocks in the short term, while more long term solutions are found.

4.4.15 While the business plan does include high borrowing in the first 10 years debt does reduce in later years. This shows that there is still capacity in the proposals to meet future challenges and that current borrowing levels do not adversely impact later years.

Future Decisions

4.4.16 This report has detailed the current level of uncertainty in key aspects of policy, regulation and investment for the HRA. This means that there are several areas that will need to be revisited in the next few years including:

- **Climate Change and Net Zero** – the plan currently does not include provision for reaching net zero in the housing stock, but some existing maintenance costs would probably be used to help achieve this target. Future plans will need to address this issue in line with both local and national policy.
- **Increased Decent Homes Standard** – the details for a new decent homes standard are currently not finalised. Some financial provision has been allowed in the model to offset any increased cost, but this will need to be revised when the full details are known.
- **Identification of Savings** – the model includes challenging levels of savings in order to balance the HRA. These will need to be identified and achieved in future budget rounds.

- **New Development tenure mix** – depending on the financial viability of future development schemes and the revenue position of the HRA, it may be necessary to revise the current 50/50 split of tenure between affordable and social rent. A higher level of affordable rent properties may be necessary to meet these goals.
- **General Election response-** a General Election is now imminent and this could have a significant impact on the HRA business plan. It is likely that after the election new policies could be introduced, or existing ones are further developed and changed. These changes will need to be accommodated in future versions of the plan.

4.4.17 Due to the level of uncertainty in key areas of the HRA business plan it will be necessary to carry out more regular revisions over the coming years and it is likely that there will be significant changes needed. However, the current proposal is based on best estimates at this time and allowances have been made for potential future changes, where this is feasible.

4.5 CONSULTATION

Community Select Committee Feedback (19 October 2023)

- 4.5.1 A Community Select Committee meeting was held on 19 October 2023, at which proposed revisions to the HRA Business Plan were presented to Members.
- 4.5.2 In relation to the Council’s asset management programme, Members were pleased to note the investment in the fencing repairs backlog for 2024/25 but acknowledged that future investment will be required to tackle ongoing fencing repairs. Clarification from the Regulator of Social Housing (RSH) on the inclusion of fencing within the wider revision of the Consumer Standards would be welcomed, however this clarity is not expected until 2024/25. To address this uncertainty the Council will be reviewing the HRA Business Plan within the year to reflect any changes in national and local policy.
- 4.5.3 Members noted the uncertainty around the availability of Government decarbonisation funding following the recent roll-back on national climate pledges. The Council will continue to seek to bid for available grant funding, as it has done previously i.e., the Social Housing Decarbonisation Fund (SHDF), but there may be difficult investment decisions in relation to fulfilment of the Council’s Climate Change Strategy (2019) ambitions if central funding is not made available.
- 4.5.4 In response to a question regarding procurement of local service and suppliers in relation to new builds, Members were informed that the Council is able to set evaluation criteria for contractors through the Council’s Social Value & Ethical Procurement Portal. The portal ensures the Council are sourcing local contractors who are committed to creating job and training opportunities within Stevenage. The Council is proud of its record in this area, and through Stevenage Works has created 30 secure jobs and provided over 170 training opportunities. Through the Major Refurbishment Contract, the Council has also worked closely with North Herts College to provide skills and training opportunities for young people, and this is a key area of work which the Council intends to grow with its partners in 2024/25.

- 4.5.5 Members noted that Government changes in social rent and welfare policy have impacted the most vulnerable in the community hardest and this has been a key driver in the increases in rent arrears. Concerns were raised about the impact of future benefit changes and how the risk would be negated. In response, the Council has uplifted the bad debt provision in the HRA plan, and also scaled up the Welfare, Benefit and Debt Advice Team to ensure that residents are given the support needed to navigate the benefits system and access support provision, either through Alternative Payment Arrangements or information, advice and guidance. The Council will also be reviewing its Rent Arrears Action Plan, alongside future work to introduced digitised income solutions to streamline the rent collection process.
- 4.5.6 Members acknowledge that the recent regulatory and statutory changes, coupled with increasing financial challenges to bridge the inflation gap, has required a change in approach to how the HRA is managed and the risks mitigated. To help navigate the complexities of the subject areas covered, Members requested that an Easy Read Reference Guide is produced for tenants so that they understand how the council invests HRA monies.

Tenants Survey (2021) & Residents Survey (2021)

- 4.5.7 The Council is committed to its Cooperative Council principles and seeks to engage with residents, tenants and leaseholders, local businesses and community groups to ensure that they have a say in how services are delivered. The growth identified in the HRA Business Plan review supports a continued focus on repairs, stock investment and timely maintenance of council homes and this renewed focus is supported through the findings previously provided as part of the Tenants Survey (2021). The survey indicated that a priority for tenants is the effectiveness of the repairs service, which saw a 10% drop in satisfaction from 2018 to 2021.
- 4.5.8 In response to tenant feedback, work has been ongoing to improve how the Council responds to repairs with the introduction of an online repairs reporting function. This has been supported by the Ridge review of internal systems and processes to ensure that efficiencies within repairs processes are identified and implemented. The Ridge recommendations will be set out in Improvement Plans and these will be delivered in 2024/25.
- 4.5.9 The decision to improve repairs responsiveness is also underpinned by the findings of the Residents Survey (2021), which indicated that reducing costs through the provision of more online services would be the overall preference of residents. Moving services online 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%





Other Housing Consultations

4.5.10 The first findings from targeted consultation with tenants through the Tenancy Satisfaction Measure Survey (a regulatory requirement introduced by the Regulator of Social Housing in April 2023) are due to be reported in Quarter 2 2023/24. The survey analysis will be presented as part of the Corporate Performance Report to the Executive, and these findings will be used to shape future areas of focus as part of HRA funded programme of work.

4.6 SUMMARY OF REVISED HRA BP

4.6.1 The table below provides a summary of the overall commitments included in the revised HRA Business Plan, based on the proposals and assumptions above.

 Borrowing and RCCO	 Housing Development	 Housing Asset Management	 Housing Service Delivery
New Borrowing for Capital Investment £351m (30Yrs)	Invest £734m in new stock (30Yrs)	£893m stock investment funding (30Yrs)	£818m in non-maintenance revenue funding (30yrs)
Refinanced debt to enable revenue operations £104m (30Yrs)	Deliver 2,253 units (30Yrs) 447 in next 5yrs	£482m repairs, void and cyclical maintenance (30Yrs). Efficiency target removed, due to regulatory pressures	Savings target £200k 24/25 then £500k pa for 8yrs. Total £20m in yrs 2-11.
Revenue contribution to capital £18m in (years 1-5)	Commence 3 new schemes to maintain dev. pipeline. Deliver new homes to 5 star promise	All properties to EPC-C by 2030	Growth of £200k pa to enable service improvement / efficiency
	Larger schemes phased for staggered delivery matched to funding. Switch to		

 Borrowing and RCCO	 Housing Development	 Housing Asset Management	 Housing Service Delivery
	<p>market purchase if supply needed urgently.</p> <p>Continue pilot projects for new tenures and sustainable design.</p>		

5. IMPLICATIONS

5.1 Financial Implications

5.1.1 The report is financial in nature and any implications are included in the body of the report.

5.2 Legal Implications

5.2.1 The objective of this report is to outline a 30 year financial position for the ring fenced fund and to set out the parameters for the medium term financial forecast for the next five years. There are no legal implications at this stage of the planning cycle, but Members are reminded of their duty to set a balanced budget.

5.3 Risk Implications

5.3.1 A review of a range of risks facing HRA budgets are listed below. A number of the risks below are monitored through the Council's Strategic Risk Register.

Risk Area	Risk Mitigation	Likelihood	Impact
<p>Not able to service increased level of debt (£282Million in 2024/25 peaking at £313Million in 2029/30)</p>	<p>Annual review of HRA Business Plan to ensure that assumptions are correct. A higher level of HRA balances maintained to absorb cost increases. Regular review of capital programmes. Loans assumed at long term average interest rates.</p>	<p>Low</p>	<p>High</p>
<p>Rent and service charge income (Negative Risk) - A future Government could change its commitment to current national rent policy of CPI + 1% rent increases, which is currently in line with the Council's BP rent assumptions. Service charges may not be fully recovered.</p>	<p>Rent and service charge policy is in place and allows for rents to be set at formula levels on re-let. Lower than anticipated rent increases would require compensating reductions in planned spending within programmes/services. The Council could consider using rent flexibility of 5% allowed in current rent standard.</p>	<p>Low</p>	<p>High</p>
<p>Unexpected build price inflation for new construction schemes</p>	<p>Forward ordering, supporting local supply chains and batching projects for optimum competitive procurement.</p>	<p>Medium</p>	<p>High</p>

Risk Area	Risk Mitigation	Likelihood	Impact
Shortage of skills and supply chain disruptions due to market slow down/national policy shifts and	Supporting local SME with ongoing market engagement and support to enable competitive bidding and promoting certainty of work.	Low	Low
Unexpected build price inflation for new construction schemes	Forward ordering, supporting local supply chains and batching projects for optimum competitive procurement.	Medium	High
Stock Investment (Negative Risk) Investment needs exceed planned expenditure due to increased costs and/or unforeseen investment requirement (including planned changes to the Decent Homes and Consumer standards)	Revised Housing Asset Strategy is being presented for approval alongside the HRA Business Plan. Stock data is further being enhanced through a rolling programme of surveys. All properties will be surveyed rather than cloning data for similar property types. Assumptions for the revised Decent Homes and Consumer Standards have been built into the plan but these will need to be reviewed when the standards are finalised.	Medium	High
Decarbonisation and Net Zero (Negative Risk) The current plan does not include provision for achieving Net Zero by 2050.	The Asset Management Strategy sets out the likely costs to achieve Net Zero for the councils housing stock. We have secured funding through the Social Housing Decarbonisation fund (SHDF) to support homes meeting EPC C by 2030. We will continue to seek additional funding to support the decarbonisation of the housing stock.	Medium	High
Building Safety Act (Negative Risk) The requirements of the act currently only apply to those building greater than 18m. There is a potential for height requirement to change which would bring more SBC buildings into scope and increase the financial requirements for the council.	The implications for a change of scope are being captured to allow us to understand the implications to any change in criteria for those building in scope. The cost implications for any new stock which meet the current criteria are also being captured in the business plan.	Medium	High
Increased Rent Arrears leading to higher bad debt provision and increased write offs	In order to mitigate the impact on the HRA business plan, a two-year action plan was put in place to ensure continued focus on this area of work. A revised Arrears Action Plan is currently being developed which will take into account the increased cost of living and the impact this will have on vulnerable residents.	Medium	High
Social Housing Regulation Act In the event of failure to meet the new requirements of the Social Housing Regulation Act there is a risk of	Gap analysis against existing position and new Consumer Standard requirements. New Resident Engagement Framework implemented.	Medium	High

Risk Area	Risk Mitigation	Likelihood	Impact
enforcement action against Stevenage Borough Council or fines for non-compliance			

5.4 Policy Implications

5.4.1 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.

5.5 Climate Change Implications

5.5.1 The anticipated revised decent homes standard and the targets set within the Asset Management Strategy will continue to improve the environmental performance of our existing stock. The Housing and Investment Service is committed to review its approach to reducing the impact of the housing stock on the environment through actions set out in the HRA Asset Management Strategy and this will in turn contribute to the actions within the Council's Climate Change Strategy and Action Plan.

5.5.2 Future housing developments will consider the environmental performance of the designs and features, and look to introduce technologies and materials that help to improve the environmental performance of the buildings.

5.6 Equalities and Diversity Implications

5.6.1 All projects and activities leading to a policy or service change in fulfilment of the priorities of the HRA Business Plan will be assessed through the Council's Equality Impact Assessment (EqIA) process.

6. BACKGROUND DOCUMENTS

Housing Revenue Account Medium Term Financial Strategy (2019/20 - 2023/24) and HRA Business Plan Review 2019 – Executive 16 December 2019

Housing Asset Management Strategy 2023-2028 – Executive 15 November 2023

7. APPENDICES

Appendix A - HRA Business Plan - 30 Year Capital Investment Summary

Appendix B - HRA Business Plan - 30 Year Revenue Account Summary

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HRA Business Plan - 30 Year Capital Investment Summary

Medium Term Position (Base Year + 5)

Full Plan Summary

	2023.24	2024.25	2025.26	2026.27	2027.28	2028.29	Yrs 1-10	Yrs 11-20	Yrs 21-30	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
CAPITAL EXPENDITURE										
Major Works & Improvements	23,252	22,642	23,338	21,172	22,475	24,076	215,121	243,606	393,034	851,762
Development Schemes	19,505	28,999	31,367	13,000	12,784	8,400	160,738	189,003	384,288	734,029
Other	1,661	1,719	1,754	1,766	1,778	1,791	17,760	19,140	20,523	57,423
Total Expenditure	44,418	53,361	56,458	35,939	37,037	34,267	393,619	451,750	797,845	1,643,213
FINANCING										
External Borrowing	11,336	7,506	22,667	2,926	9,713	12,130	102,613	68,265	179,965	350,843
RTB Receipts	2,861	4,177	9,258	5,820	5,763	4,041	53,717	86,468	132,286	272,472
Grant	2,653	11,358	0	0	0	0	14,011	0	0	14,011
Other Capital Receipts	6,555	4,709	5,204	7,644	469	815	27,707	7,475	4,674	39,855
Major Repairs Reserve	21,013	18,896	15,494	16,233	16,877	17,281	177,490	244,443	345,863	767,796
Revenue Contributions	0	6,715	3,835	3,316	4,215	0	18,081	45,099	135,057	198,236
Total Financing	44,418	53,361	56,457	35,939	37,037	34,267	393,619	451,750	797,845	1,643,213

HRA Business Plan - 30 Year Revenue Account Summary

	Medium Term Position (Base Year + 5)						Full Plan Summary			
	2023.24	2024.25	2025.26	2026.27	2027.28	2028.29	Yrs 1-10	Yrs 11-20	Yrs 21-30	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
INCOME AND EXPENDITURE										
Income										
Dwelling Rents	45,209	49,164	51,880	54,226	56,089	58,157	570,191	820,309	1,207,323	2,597,823
Service Charges	2,358	2,540	2,656	2,742	2,830	2,922	28,715	39,769	54,765	123,248
Other Income	3,181	3,110	3,551	3,624	3,813	4,008	39,410	63,120	99,795	202,325
Total Income	50,748	54,814	58,086	60,592	62,732	65,087	638,316	923,198	1,361,883	2,923,397
Expenditure										
Repairs and maintenance	10,287	11,268	10,250	10,343	10,672	11,002	112,673	153,470	216,003	482,146
Supervision and management	18,524	20,035	20,189	20,285	20,442	20,577	204,429	256,672	372,326	833,427
Depreciation (Contrib to MRR)	13,568	14,844	15,494	16,233	16,877	17,357	170,150	240,285	345,862	756,297
Total Expenditure	42,379	46,147	45,933	46,861	47,990	48,936	487,252	650,426	934,191	2,071,869
Net cost of services	8,370	8,667	12,153	13,731	14,742	16,151	151,064	272,772	427,692	851,528
Interest payable incl amortisation	(8,849)	(9,449)	(10,063)	(10,949)	(10,826)	(10,948)	(108,083)	(109,084)	(110,598)	(327,765)
HRA investment income	2,133	1,487	704	470	304	217	6,264	2,551	2,845	11,660
Surplus / (deficit)	1,654	706	2,795	3,252	4,219	5,420	49,245	166,239	319,939	535,423
MOVEMENT ON HRA BALANCES										
Surplus / (deficit) for the year	1,654	706	2,795	3,252	4,219	5,420	49,245	166,239	319,939	535,423
Capital funded by Revenue	0	(6,715)	(3,835)	(3,316)	(4,215)	0	(18,081)	(45,099)	(135,057)	(198,236)
Transfer (to)/from Reserves	0	5,921	500	8,000	8,700	0	23,121	0	0	23,121
Loan Repayment	0	0	(500)	(8,000)	(8,700)	(5,600)	(53,250)	(119,198)	(183,077)	(355,526)
HRA balance Incr/(Decr)	1,654	(88)	(1,040)	(64)	4	(180)	1,035	1,942	1,805	4,782
HRA Balance Brought Forward	10,519	12,173	12,084	11,044	10,980	10,984	10,519	11,554	13,496	10,519
HRA Balance Carried Forward	12,173	12,084	11,044	10,980	10,984	10,804	11,554	13,496	15,301	15,301

Meeting Executive
Portfolio Area Housing
Date 15 November 2023



HOUSING ASSET MANAGEMENT STRATEGY 2023-2028

KEY DECISION

1 PURPOSE

- 1.1 To seek approval of the Housing Asset Management Strategy (AMS) 2023-2028.
- 1.2 The AMS sets out the framework under which the Investment in existing stock detailed in the HRA Business Plan (2023) will be achieved. The Housing Asset Management Strategy will direct our investment priorities but also demonstrates how the council will deliver excellent services to our tenants, leaseholders, and wider stakeholders. It identifies how the council will ensure that residents living in our homes will remain safe, involved, informed, and have a good quality home. The strategy sets out how the council will meet the requirements of the new regulatory framework for social housing along with other relevant legislation.

The strategy outlines the approach and commitments the council is making under the following key themes:

1. Ensure safety is our number one priority.
2. Deliver an excellent customer experience.
3. Improve performance and secure long term financial sustainability.
4. Tackle the climate change emergency to reduce our energy costs and overall carbon footprint.
5. Provide and maintain high quality homes.

2 RECOMMENDATIONS

- 2.1 That the Housing Asset Management Strategy as attached at Appendix A be approved.
- 2.2 That delegated authority is given to the Strategic Director (RP) after consultation with the Portfolio Holder for Housing and Housing Development to finalise the strategy and related action plan.

3 BACKGROUND

- 3.1 The housing stock represents the Council's most valuable asset and its largest liability in investment terms, therefore an effective and agile approach to managing the Council's assets is critical to ensuring the long-term sustainability of the portfolio. The condition of the Council's properties is also of central importance to our tenants, and they consistently select the improvement of their homes and a good repairs service as their top priorities.
- 3.2 The Housing AMS sets out the underlying principles of excellent asset management and the key strategic projects and programmes to be delivered to ensure maximum value whilst providing high quality homes for our tenants. The strategy allows the council to meet its strategic goals of having fit for purpose, safe, well-maintained homes, with a view to optimising housing development opportunities where appropriate.
- 3.3 The Housing AMS inter-relates with a range of strategies that together form the Council's corporate strategy framework. In developing the strategy, careful regard has been given to aligning housing objectives and plans with Future Town Future Council corporate objectives and priorities and other key strategy documents. A range of programmes, policies and plans enable the council to implement the improvements, activities and investment needed to meet its housing objectives.
- 3.4 The Housing AMS is one of the main components of the wider HRA 30 Year Business Plan which is included elsewhere on the agenda for this meeting of the Executive. The three core elements of the HRA business plan are as follows.



- 3.5 The HRA business plan is SBC's strategic plan for managing, maintaining, and developing its housing stock. It sets out the Council's short-to-medium term plans and priorities for its housing management services and provides a long term (30 year) perspective on stock investment and financial planning. The plan focuses on the core business of managing and investing in the Council's social housing stock and associated HRA-owned land.
- 3.6 In recent years the Housing AMS has focused on the delivery of the Decent Homes Standard and long-term investment in the existing stock based on stock condition and component life cycle projections. The Housing AMS now has a wider scope than was previously the case and explores options for undertaking rationalisation and redevelopment of the councils housing stock and land assets, where this has the potential to support the Council's wider financial, regeneration and affordable housing objectives.
- 3.7 Major changes in the operating environment at local, national and global level have been experienced since 2019. This includes new legislation around building safety, new Consumer Standards, and Decarbonisation alongside high inflation and shortages of materials and labour.
- 3.8 The Housing AMS allows the Council to meet our strategic goals of having fit for purpose, safe, well maintained and energy efficient stock, with a view to optimising housing development opportunities where appropriate. The Council has had significant success in implementing the plan outlined in the previous housing AMS. Projects have included, but not limited to.
- ✓ **Decent Homes.** The Council has continued to deliver a significant decent homes and external works programme. Since 2019 the number of homes below made decent are:

Year	Properties made decent
2019-2020	661
2020-2021	529
2021-2022	896
2022-2023	820
2023-2024 (to date)	162
Total	3068

The definition of the decent homes standard for social housing is to "bring health benefits to tenants and reducing health inequalities", a property is considered a safe and decent home if it meets the following four criteria:

- It meets the current statutory minimum standard for housing.
 - It is in a reasonable state of repair.
 - It has reasonably modern facilities and services.
 - It provides a reasonable degree of thermal comfort.
- **Conversion of hard to let sheltered bedsit accommodation to self-contained 1-bedroom flats.**
 - 26 studio properties have been converted to 1 bedroom accommodation.
 - 2 bungalows have also had alterations to make the properties completely wheelchair accessible as part of a pilot scheme.
 - **A 5-year major refurbishment contract to improve flat blocks across the town. To date:**
 - Approximately 335 flat blocks have been upgraded.
 - Approximately 2603 tenants and leaseholders have been consulted with.
 - **Creating additional units in existing assets to increase their viability and housing needs for example Silkin Court and Wellfield Court.**
 - **Further schemes identified where additional accommodation can be created and in doing so helps make asset groups sustainable in the long term.**
 - **Works carried out and further works planned to improve our retained sheltered accommodation including communal works and remodelling.**
 - **1407 stock condition surveys have been carried out since December 2022 as part of a five-year programme, creating accurate property data.**

- **External funding secured to support the decarbonisation of our properties.** The following funding has been secured to support SBC energy performance and decarbonisation programmes.

External Funding Scheme	Funding Secured	Homes Improved	Duration of Project
Local Authority Delivery Scheme (LAD1B) grant funding	£1,036,221.95	139	January 2021- May 2022
SHDF Wave 1	£1,836,546.25	209- to an EPC C or above	March 2022-November 2023
SHDF Wave 2	£2,621,879.50	209- to an EPC C or above	April 2023-April 2025

- 3.9 This success demonstrates the benefits of an active asset management strategy, flowing from the Council's leadership and vision, aimed at delivering 'excellent council homes for life'.

4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

- 4.1 The current Housing AMS was published in 2019. In line with best practice, the AMS has been reviewed and updated at the mid-point in its five-year lifecycle, following extensive stakeholder engagement.
- 4.2 It is widely considered that a well-maintained housing stock can have a positive impact on the way tenants and customers feel about their homes and neighbourhoods and this in turn can help to drive down repairs and maintenance costs. With the regeneration of Stevenage town centre and other substantial improvements/developments being carried out across the town, it is important to ensure the quality of our stock keeps pace with the changes that are taking place. This in turn should aid the ongoing generation of pride and a sense of community amongst residents from all housing tenures.
- 4.3 There are 1905 Leasehold properties currently and these are distributed throughout the stock, there are 40 blocks where all properties are leasehold. The majority of works in the past has been focused on the Decent Homes Standard and internal works. The AMS vision and objectives includes ensuring the highest standards of safety, tackling the climate change emergency, and improving our estates and communities. As a result, areas of works will be focussed on external and communal area investment, which will require substantial consultation with leaseholders to allow works to progress. Where appropriate, leaseholders will be recharged for their share of the costs for any works carried out.

- 4.4 The new updated strategy for 2023-2028 builds on the success of the previous plan and responds to the changes and influences that are likely to affect Stevenage over the next five years. The strategy contains a series of key strategic themes and associated objectives. The objectives are subsequently summarised in the Housing AMS, which will become the principal mechanism for reporting and monitoring the delivery of the strategy.
- 4.5 The updated strategy moves the focus more towards understanding and responding to statutory and regulatory requirements, viability and redevelopment opportunities. The proposed strategic approach is to focus on the following core strategic aims.

1. Ensure safety is our number one priority.

The Council has a legal duty to ensure all residents live in a safe environment a number of the key areas of compliance are covered in this strategic aim such as, gas servicing, fire safety, asbestos management, Legionella, electrical safety, lifts and lifting equipment. All areas of compliance are covered by separate individual policies and procedures for each area, all of these are being reviewed during the life of the strategy.

Beyond the specific areas of Asset Compliance, the Council has been proactively preparing for the Building Safety Act which came into effect on 28th April 2022

2. Deliver an excellent customer experience.

The Council is committed to transforming how it engages with its customers and communities. This includes:

- Delivering excellent customer service
- Improving Customer Satisfaction
- Better understanding our customers' needs
- Investing in and improving our Neighbourhoods and Communities

Asset Management within housing is a critical area of service, with our staff and suppliers engaging with our customers and communities daily, whether that be through our repairs service, planned maintenance programmes or other initiatives. This provides an excellent opportunity to support the Council's vision by improving customer engagement and service delivery.

The Council's pro-active approach means it is well prepared for the introduction of the new Consumer Standards, which places a major focus on customer engagement and community regeneration.

3. Improve performance and secure long term financial sustainability.

The Council recognises that continued investment in its housing assets is critical to maintaining stock condition, meeting its statutory and regulatory obligations and supporting the delivery of the vision and outcomes set out in the FTFC strategy.

It must be recognised, however, that some of the regulatory changes will likely place significant demands on The Councils finances. For example, changes to the Decent Homes Standard and decarbonisation targets may require additional capital investment in the stock and potentially higher ongoing maintenance spend. This must be factored in to the short, medium, and long-term business plan projections, as these demands become clearer and more definable.

A 30-Year Investment profile has been created to set out the long-term investment requirements which must be reviewed in the context of available resources and realised through the HRA business plan. This profile does include resources for some of the upcoming changes that will need to be refined when the legislative and policy changes are known. However, the current business plan projections do not include the cost of achieving net zero emissions in the stock, as this will require significant further resources and more technical certainty.

4. Tackle the climate change emergency to reduce our energy costs and overall carbon footprint.

The Council has taken a pro-active approach to tackling Climate Change and declared a Climate Change Emergency in 2019. The Council has developed a Climate Change Strategy setting out how it plans to tackle the Climate Change Emergency and the Housing AMS is aligned with this strategy.

The residential sector accounts for 16% of the overall carbon emissions in the UK (2020 estimate), primarily from the use of fossil fuels for cooking, heating and hot water provision.

It is therefore critical that Climate Change & Net Zero is a priority within the Housing AMS. A traditional approach to asset investment, focussed on component renewals with Climate Change being a supporting theme is no longer good enough. Climate Change and Net Zero, alongside safer places and social housing reforms must be at the centre of Housing Asset Management Planning & Delivery.

The Council has a vision to reduce its emissions to Net Zero, supporting its businesses and residents to do the same by 2030. However, as mentioned above, there is still financial and technical uncertainty in the social housing sector regarding the implementation of these goals.

5. Provide and maintain high quality homes.

Housing remains a key priority for Stevenage residents and for the Council as it is quite clear that Stevenage needs more affordable homes:

- The current Strategic Housing Market Assessment highlights that 575 new affordable homes are required per annum.
- More than 9000 social houses have been lost through Right to buy since 1981.
- There are approximately 2500 people on the Council housing register.

The Council has an ambitious house building target, to deliver more social and affordable Council rented homes. At present, the Council is on track to meet its target of delivering 500 homes by 2025, having delivered 375 new homes across a number of schemes since the inception of a dedicated Housing Development team & Executive Sub Committee for Housing development in 2015.

The Council aims to provide a customer-focused repairs service, which achieves high levels of performance, customer satisfaction and good value for money. In this respect, its objectives are closely aligned to the Safety and Quality Standard from April 2024, which places expectations on registered providers to:

- Ensure a prudent, planned approach to repairs and maintenance of homes and communal areas which demonstrates an appropriate balance of planned and responsive repairs, and value for money.
- Provide a cost-effective repairs and maintenance service to homes and communal areas that responds to the needs of, and offers choices to, tenants, and has the objective of completing repairs and improvements right first time.
- Meet all applicable statutory requirements that provide for the health and safety of the occupants in their homes.

4.6

The Housing AMS covers the key deliverables within the life of the Strategy these include but are not limited to:

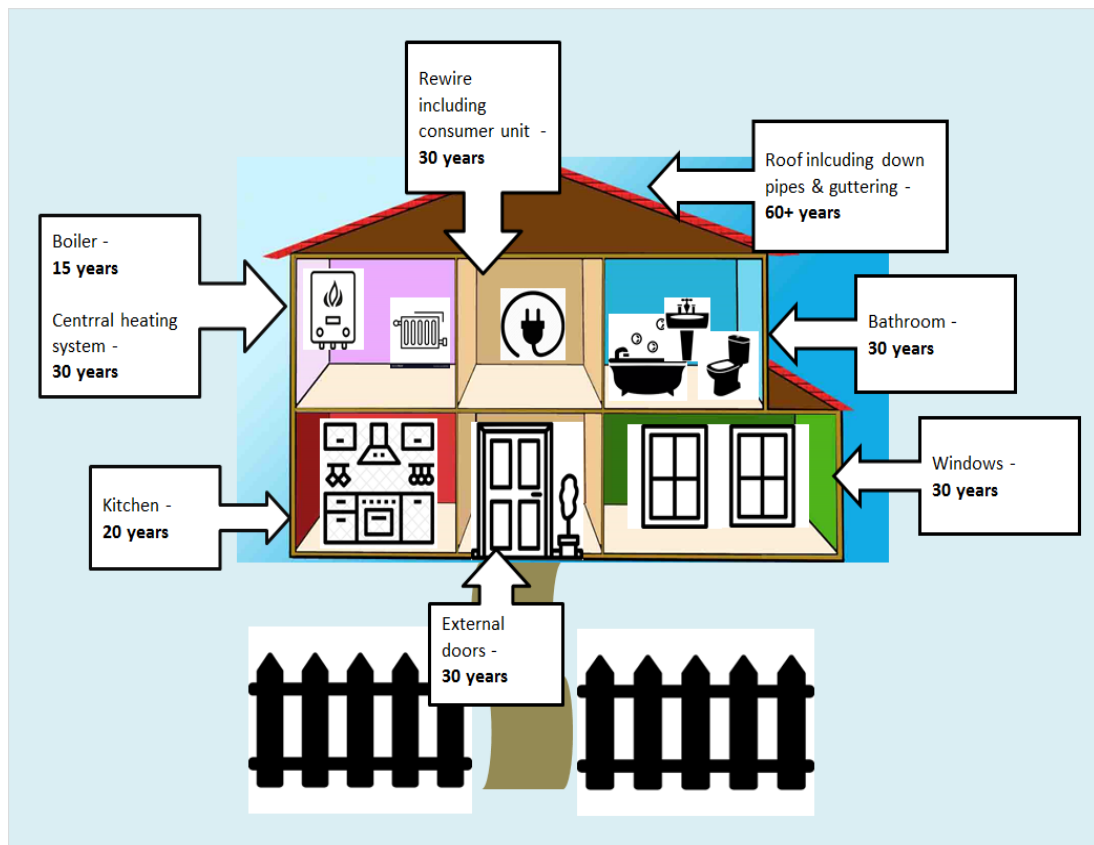
- **Major Refurbishment Contract (MRC)** - Completion of the refurbishment programme of the council's flat blocks by 2025.
- **Decent Homes** - Delivery of the Decent Homes programme to achieve 100% of the stock meeting both the Minimum & Stevenage standards.
- **Decent Homes 2** - Incorporate future changes to the Decent Homes standard into the Stevenage Standard in 2024
- **Consumer Standard and Health and Safety Regulations** – Implement the requirements of new or amended legislation and regulations such as Consumer Standards, Housing Health & Safety Rating System (HHSRS), Building Safety etc.
- **High Rise Flat Blocks** – Consult on and deliver the refurbishment of the council's five High Rise Flat blocks.

- **Building & Fire Safety** - Implement the requirements of the Building and Fire Safety acts including submitting and maintaining Building Safety Cases for all our High Rise.
- **Building & Fire Safety** - Maintain full compliance with all statutory and regulatory requirements to ensure the councils homes remain safe.
- **Decarbonisation** - Working towards achieving a minimum EPC C across the housing stock by 2030 and continuing to source funding to deliver the decarbonisation of the housing stock and complete delivery of the current Social Housing Decarbonisation Fund (SHDF) programme of works. The council will enhance its stock data and modelling to fully understand the requirements of decarbonisation. The programme will also deliver pilot Net Zero homes projects to inform the wider roll out across the council's housing stock.
- **Repairs Service** – Fully implement the recommendations following the review of the repairs service.
- **Void Property** – Implement the recommendations of the review of Void property management including a review of the Stevenage lettable standard.
- **Damp & Mould** – Carry out a review of the way the Council ensures homes are free from Damp & Mould.
- **Stock Viability** - Complete an asset review of our stock to understand the long-term viability.
- **Social Value** – Maximise social value and investment in Stevenage through current and future contractual commitments.

Housing Asset Management Standard

4.7

The Housing asset management standard is currently based on decent homes lifecycles, meaning the timeframe in which a property element meets the end of its economic life.



4.8 The Housing AMS action plan looks at reviewing component lifecycles with consideration being given to cyclical planned maintenance programmes to keep the housing stock well maintained for longer.

4.9 The Stevenage Standard is higher than the National Minimum Standard that has been set by the government, this means that all key internal decent homes elements (kitchens, bathrooms, rewire, heating) in a property that fail the standard on age or condition are replaced through a planned works programme, in order to minimise inconvenience for tenants and to maximise operational efficiencies, wherever possible works will be carried out at the same time.

The Stevenage Standard will be reviewed in 2024-2025 and updated to reflect the outcome of the Government's review of the Decent Homes Standard. All reviews will be completed in full consultation with customers and other key stakeholders.

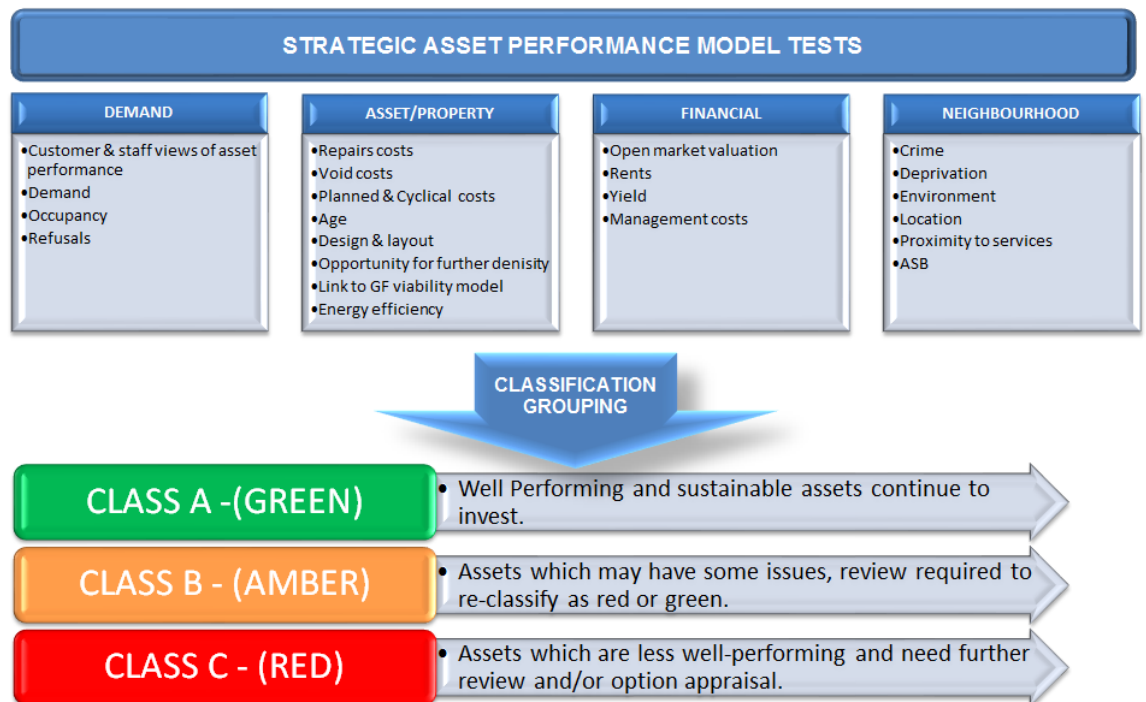
4.10 As the Decent Homes Standard is set to move towards a focus on building safety the Housing Health and Safety rating system (HHSRS) will become an ever more important focus when assessing a property. Currently any HHSRS failures are captured during stock condition surveys and the Housing AMS action plan looks at how that information is fed back into planned programmes of work or repairs and maintenance schedules.

- 4.11 HHSRS replaced the fitness standard as the statutory element of the Decent Home Standard in 2006. HHSRS is a risk assessment procedure and is concerned with avoiding or at the very least, minimising potential hazards. To be decent, a dwelling should be free of category one hazards, and the existence of such hazards should be a trigger for remedial action unless practical steps cannot be taken without disproportionate expense or disruption. There is a current review of the HHSRS standard with a view to update the requirements, this is happening alongside the review of Decent Homes.
- 4.12 Future cyclical maintenance programmes will include programmes of preventative maintenance to maximise the lifecycles of components and help to minimise the level of responsive repairs. Cyclical programmes may include, but are not limited to, areas such as:
- Gutter clearance and repairs
 - Window and Door overhauls
 - Fencing Works
 - Communal decoration
- 4.13 The Council will utilise the stock condition data to inform these programmes and target those areas which will help reduce the volume of future responsive repairs.

Strategic Asset Performance Model

- 4.14 Key to delivering the Housing AMS is the ability to assess the current viability of the council's stock. It is essential to not only consider viability in terms of financial investment needs but to look at ways to optimise the stock and review the potential for future opportunities. The asset performance model looks at factors around, demand, asset performance, opportunity for development, financial investment and neighbourhood influences. There will be a full refresh of the strategic asset performance model in 2024/2025.

STRATEGIC ASSET PERFORMANCE MODEL



Known Challenges

4.15 A number of significant challenges during the life of the strategy have been recognised but the full implications are not yet known. These relate to statutory changes that may not only affect the standards to which the Council physically maintain and improve our assets but in the way that they are managed, such as planned programmes. Some of the upcoming key challenges are:

- Social Housing Regulation Act: Consumer Standards and Decent Homes Standard review including HHSRS
- Decarbonisation
- Building Safety Act
- Fire Safety Act
- Future Homes Standard and Future Buildings Standard

Key stakeholders have been briefed as part of the updated strategy. The following data has been used to inform the Housing AMS:

- Complaint data
- Surveys

- Stock condition data
- Tenant and Leaseholder satisfaction surveys

4.16 To support the strategy a 'plan on a page' has been designed to detail the strategy's structure, approach, and key areas of focus.

As well as detailing the Housing AMS structure it highlights the key actions, objectives, and associated tasks to achieve the desired outcomes. The 'plan on a page' can be found at **APPENDIX B**.

5 IMPLICATIONS

5.1 Financial Implications

5.1.1 The financial implications of the Housing Asset Management Strategy have been incorporated in the refresh of the HRA Business Plan 2023/24. A breakdown of the financial requirements to deliver the Housing AMS are also contained in **APPENDIX A**. However, there are uncertainties surrounding the financial implications of some developing policies and achieving net zero in the stock. This will need further revisions to the business plan in future years, as the method and costs of these changes become known and can be more accurately estimated.

5.2 Legal Implications

5.2.1 The Housing AMS enables the Council to meet statutory compliance and other legislative and/or regulatory obligations as a landlord in respect of the social housing stock.

5.3 Risk Implications

5.4 Climate Change Implications

5.4.1 A key priority within the Council's Climate Change Strategy action plan is the provision of energy efficient housing (including retrofitting of current council housing stock), planning policy for zero carbon homes, and exploring opportunities for renewable technologies across HRA buildings. The Council's commitment to achieving a minimum EPC band C for all Council homes by 2030 is key to this ambition.

5.4.2 An EPC is a certificate that rates the energy efficiency of a property on a scale from A (most efficient) to G (least efficient). EPCs are required when a domestic property is built, sold, or rented, and they impact on property values. Comparable properties with an EPC C are worth around 5% more than those with an EPC D. In Quarter 1 2023/24, 55% of social housing stock had an EPC rating of C or above, and work is underway to improve this position through the

introduction of various initiatives to calculate and plan energy improvements as part of the Council's Housing AMS.

6 BACKGROUND DOCUMENTS

None.

APPENDICES

- A Housing Asset Management Strategy (AMS) 2023-2028 Short Form draft
- B AMS Plan on a Page

**HOUSING ASSET MANAGEMENT STRATEGY
2023 to 2028**

DRAFT

HOUSING ASSET MANAGEMENT STRATEGY 2023-2028

1.0 INTRODUCTION

The housing stock represents the Council's most valuable asset and its largest liability in investment terms; therefore, an effective and agile approach to managing the Council's assets is critical to ensuring the long-term sustainability of the portfolio. The Asset Management Strategy (AMS) is the blueprint to setting out the long-term vision and objectives and how these will be delivered.

The current AMS was published in 2019. In line with best practice, the AMS has been reviewed and updated at the mid-point in its five-year lifecycle, following extensive stakeholder engagement.

Since the current Asset Management Strategy (AMS) was published in 2019, we have seen major changes at a local, national and global level, many of which have been unprecedented. We have witnessed a global pandemic in the form of COVID 19, of a scale not seen since the Spanish Flu epidemic in 1918. The UK has now left the European Union. At the time of writing, we are during a global energy supply crisis, which is contributing to significant cost of living challenges.

Further to this, we are seeing one of the most rapid shifts in Government policy and associated regulatory change in the housing sector for some time. The Building Safety reforms, set out following the Grenfell Tower tragedy, have now translated into the Building Safety Act 2022.

There are also far-reaching changes set out in the Social Housing Reforms, with the Government accelerating the pace of change following a period of slow progress. Combined with the Levelling Up agenda, the changes will empower residents to drive changes to improve their lives and regenerate local communities.

Climate change has also never been so important, alongside the energy supply crisis, radical change is required to ensure that important targets to reduce carbon emissions and improve energy efficiency can be achieved.

All these challenges provide opportunities for the Council to drive changes that will improve the lives of its residents, regenerate its communities and tackle climate change. However, the changes will put significant pressures on budgets and resources, so there has never been a more pressing need to ensure that the Council's assets are managed effectively.

The Council is well placed to achieve these ambitious goals, having taken a pro-active approach. For example, the Council declared a climate change emergency in 2019 and has already made progress with engaging with its' customers.

While the fundamental principles of the current AMS remain unchanged, this updated AMS reflects the changing environment and sets out the actions that the Council will need to take to deliver on its obligations and ambitions, looking at the next few years but ahead to the long-term strategy.

HOUSING ASSET MANAGEMENT STRATEGY 2023-2028

2.0 STRATEGIC OVERVIEW

2.1 Purpose

The purpose of the AMS is as follows:

- Provides the context and sets out the vision and associated outcomes, aligned to the Council's over-arching strategy which will ensure that the Council has a resilient, achievable plan for the long-term effective management of its housing assets.
- Sets out a series of objectives which describe how the vision and outcomes will be achieved
- Confirms the high-level actions required to achieve the objectives
- Provides an update on progress against previous actions, highlighting achievements since 2019
- Sets out a coherent approach to planning, driving the short, medium and long-term budget and funding requirements.
- Describes the Council's pro-active approach to addressing the changes driven by the rapidly evolving socio-economic and political environment
- Outlines the enablers for delivering the strategy including people, budget, data and insights, policy and process, governance and risk management, effective procurement and technology and innovation.

The AMS is intended to drive the requirements for operational activities rather than set out detailed operational policies, processes and procedures. The appendices include the key documents which set out more detail in specific areas, including policies and associated strategies.

2.2 Context

This strategy relates to the asset management of the Council's portfolio of housing assets. All of the assets are located within the Stevenage Local Authority area. Although the AMS sets out the strategy for the housing assets, it is important that they are managed in the context of Stevenage Borough Council General Fund assets, as any major investment project will almost inevitably require some 'trade off' between the HRA and General Fund. This situation will particularly arise where either set of assets are experiencing significant investments or redevelopment such as:

- maisonettes situated above commercial/retail units
- garages adjacent to housing
- local neighbourhood centres, comprising a mixture of shops, community buildings and housing.

The Council's Corporate Plan, 'Future Town Future Council' is a key driver of the AMS, however the AMS is also part of a wider framework of local and national policies which impact the way in which The Council manages its assets. The AMS has been developed to align with the key policies and the interactions with these policies are clearly set out in this document.

The areas of national Government policy, which are rapidly evolving and impact on how the Council manages its assets include:

- Legislative compliance regarding Health & Safety including the Building Safety Act 2022 and Fire Safety Act 2021

HOUSING ASSET MANAGEMENT STRATEGY 2023-2028

- Climate Change Policy including commitment to Net Zero 2050
- Regulatory policy including the Decent Homes Standard and forthcoming Social Housing Reforms and the Levelling Up agenda
- Wider housing policy and legislation including planning, welfare, rent setting and service charges and leaseholder reforms

Links to other Corporate Strategies

The AMS is one of the main components of the wider HRA business plan. The three core elements of the HRA business plan are Asset Management, Housing Development and Housing Management & Maintenance Services.

The HRA business plan is SBC's strategic plan for managing, maintaining and developing its housing stock. It sets out the council's short-to-medium term plans and priorities for its housing management services and provides a long term (30 year) perspective on stock investment and financial planning.

The main strategies which interact with the AMS are as follows:



2.3 Supporting the Council's Strategic Vision & Outcomes

The Council has set out its ambitions and outcomes in its 'Future Town Future Council' strategy, 'Our Co-operative Council'. This provides the driving principles for the AMS.

2.4 Asset Management Strategy: Objectives and Key Actions

The FTFC strategy is ambitious, and the Council will be using its most valuable resources (people and property) to support the delivery of its ambitions and outcomes. The following objectives within the AMS are key priorities which form the current strategy, each aligned to one or more of the Council's strategic objectives, set out in the over-arching FTFC strategy, more detail on how the AMS interlinks with the FTFC strategy can be found on the AMS Plan on a Page- **APPENDIX C**.

4 DELIVERING THE STRATEGY

4.1. New Homes

Housing remains a key priority for Stevenage residents and for the Council as it is quite clear that Stevenage needs more affordable homes:

- The current Strategic Housing Market Assessment highlights that 575 new affordable homes are required per annum.
- More than 9000 social houses have been lost through Right to buy since 1981.
- There are 2500 people on the Council housing register.

The Council has an ambitious house building target, to deliver more social and affordable Council rented homes.

At present, the Council is on track to meet its target of delivering 500 homes by 2025, having delivered 375 new across a number of schemes since the inception of a dedicated Housing Development team & Executive Sub Committee for Housing development in 2015.

Key objectives of the programme include:

- An improved offer for Older People as part of the new build programme.
- Design principles which deliver high levels of thermal comfort to support the Council's climate change objectives, robust and cost-effective maintenance, aesthetically pleasing designs with good useable floor spaces and use of future technology to support digital inclusion
- Standard Employer's Requirements to set out the detailed technical briefs for each development project, ensuring consistency across the programme.
- A diverse range of supply sources to deliver value for money including brownfields developments, use of under-utilised garage sites, in-fill sites and regeneration sheltered & supporting housing sites.
- Creation of a housing development company allowing the Council to utilise its general fund assets in a mature way, benefitting from increased opportunities for creative, cross-asset development.

Challenges & Opportunities include:

- **Future Homes Standard**- new regulations setting out higher energy efficiency standards.

HOUSING ASSET MANAGEMENT STRATEGY 2023-2028

- **Levelling Up and Regeneration Bill**- changes to local planning system, Section 106 legislation and the introduction of local design codes for developers
- **Building Safety & Compliance**- forthcoming changes following the enactment of the Building Safety Act, including the 'Golden Thread' which sets out the requirements for managing building safety information; the Fire Safety act which sets out additional responsibilities for building owners throughout the whole asset lifecycle from design through to disposal.
- **Digital Transformation**- improved approaches to information management, with opportunities to explore BIM (Building Information Modelling) technology which will enable more effective management of assets across the board.

4.2 Engaging with our Customers & Communities

The Council is committed to transforming how it engages with its customers and communities. Key outcomes include:

- Delivering excellent customer service
- Improving Customer Satisfaction
- Better understanding our customers' needs
- Investing and improving our Neighbourhoods and Communities

Asset Management is a critical area of service, with our staff and suppliers engaging with our customers and communities daily, whether that be through our repairs service, planned maintenance programmes or other initiatives. This provides an excellent opportunity to support the Council's vision by improving customer engagement and service delivery.

The Council's pro-active approach means it is well prepared for the forthcoming Social Housing Reforms, which places a major focus on customer engagement and community regeneration.

The Council has already started to transform how it engages with its customers. The Council commissioned TPAS, independent tenant engagement experts, to review the current customer engagement approach and a series of recommendations were made, which have been reviewed as part of a wider review led by the Council's Senior Leadership Team and subsequently developed into a Resident Involvement Strategy.

The Council has an established resident framework offering residents several ways to become involved in scrutinising and improving services. However, it was found that there were several limitations including the amount of time residents needed to commit, narrow scope of the various focus groups and lack of alignment with the Co-operative Communities approach.

Key objectives include:

- **New approach**- based on 'engaging, listening and acting', diversifying the profile of residents involved to reflect the town's population.
- **Digital Transformation**- improved digital offering to enable wider resident engagement.
- **Community Engagement Framework**- increased focus on local priorities through initiatives such as local community budgets

HOUSING ASSET MANAGEMENT STRATEGY 2023-2028

- **Co-operative Neighbourhood Management Programme-** a partnership between council staff, Ward Councillors and the community to provide neighbourhood level accountability.
- **Housing older person's strategy (HOPS)-** a collaboration with Hertfordshire Country Council delivering research and partnership working to improve serviced for older persons.
- **Social Strategy and Partnerships-** The Communities and Neighbourhoods Business Unit take a strategic lead for town-wide strategies relating to health and wellbeing, community safety, and social inclusion.
- **Anti-Social Behaviour (ASB)-** The ASB Business Unit oversees ASB related issues around housing tenants and leaseholders, providing Stevenage Against Domestic Abuse Service and No More (drug and alcohol) Service.
- **Social Value and Wealth Creation-** exploring opportunities to further embed social value within the Council's commissioning and procurement activities.
- **Social Housing Reforms-** Resident engagement is a key theme within the Government's Social Housing Reforms; The Council will need to review its approach to ensure alignment with the reforms.
- **Building Safety & Compliance-** The Council is preparing for the forthcoming changes set out by the Building Safety Act, with residents taking a lead role in ensuring that buildings and communities are safe places to live.
- **Climate Change & Decarbonisation-** The Council's Climate Change Strategy vision sets out that change will need to be 'Resident Led'. Residents will take a leading role in determining the best solutions and contributing to the overall Climate Change strategy.

Resources

The Resident Involvement strategy utilises existing community-based teams, however the Council will need to develop a high-quality training programme for all staff involved in providing Asset Management services, to ensure there is a focussed, consistent approach across the board. This will need to align with a contractor training plan also, to ensure that external contractors provide the expected levels of service in line with the new approach to customer engagement.

4.3 Social Housing Reforms

The Government has set out plans to reform social housing on a scale not seen for over 30 years, with plans to bring forward the Social Housing Regulation Bill to the current parliamentary session.

The Levelling Up White Paper was also published in February 2022, with the subsequent Levelling Up Bill also announced in the Queens Speech. Both sets of regulatory changes will drive significant changes in the sector, with an emphasis on safety, resident engagement and community regeneration.

The key areas of the Social Housing reforms include safety, resident engagement, regulation, improved transparency and accountability, improved housing standards including and fast-tracked review of the Decent Homes Standard.

Further, the key outcomes from the Levelling Up White Paper include:

- Restoring sense of community & local pride
- Focus on ramping up supply of affordable housing.

HOUSING ASSET MANAGEMENT STRATEGY 2023-2028

- Increase home ownership
- Regeneration: not just housing but infrastructure, amenities and opportunities

The Council already embraces the key themes of safety, resident engagement and community regeneration as set out in the Future Town Future Council visions and outcomes. A transformation programme is already in place to deliver these outcomes, with excellent progress being made in all areas.

However, it is critical that The Council continues to review and monitor the Social Housing Reforms to ensure it is prepared to comply with any specific regulations including timescales and performance measures.

The Council welcomes the reforms which align with its vision and values; however, it has to be recognised that some of the regulatory changes will likely place significant demands on The Councils finances.

4.4 Stock Condition & 30-Year Investment Profile

The Council recognises that continued investment in its housing assets is critical to maintaining stock condition, meeting its regulatory obligations and supporting the delivery of the visions and outcomes set out in the FTTC strategy.

The 30-Year Investment profile sets out the long-term investment requirements which must be reviewed in the context of available resources and realised through the HRA business plan. The profile incorporates both planned and reactive maintenance including capital investment, responsive and void repairs and planned and cyclical maintenance.

There are several significant areas of change, set out in the AMS, which will require previously unprecedented levels of increased investment over the next 30 years, including: Building Safety & Compliance, Climate Change & Net Zero- and Social Housing Reforms- increased standards will mean an increase in levels of investment, for example as set out by the forthcoming updates to the Decent Homes Standard.

As set out in the AMS, a significant proportion of the forthcoming changes are evolving, which presents the whole sector with challenges in forward planning. Extensive preparatory work will be required over the period of this strategy and beyond to fully understand the requirements and resources required to deliver the outcomes. However, based on high-level estimates, the following table provides potential updated investment profile considering these key areas of change.

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Scenario 1 is based on the Council's housing portfolio achieving EPC-C by 2030. The Net Zero plan then kicks-in to ensure the stock meets Net Zero targets by 2050.

Scenario 1- (EPC-C by 2030 and Net Zero by 2050)								
Element	Notes	1 To 5	6 To 10	11 To 15	16 To 20	21 To 25	26 To 30	Totals
Future Major Works		£75,667,095	£41,627,057	£36,088,080	£53,973,033	£42,721,384	£53,652,069	£303,728,718
Improvements (Captured in future major works)		£0	£0	£0	£0	£0	£0	£0
Response and Void		£13,679,750	£13,679,750	£13,679,750	£13,679,750	£13,679,750	£13,679,750	£82,078,500
Cyclical		£17,498,750	£17,498,750	£17,498,750	£17,498,750	£17,498,750	£17,498,750	£104,992,500
Contingent Major Repairs		£3,840,000	£3,840,000	£3,840,000	£3,840,000	£3,840,000	£3,840,000	£23,040,000
Related Assets		£0	£0	£0	£0	£0	£0	£0
Exceptional Extensive Works		£1,045,000	£922,000	£495	£421	£0	£1,443,000	£3,410,916
Disabled Adaptations		£2,500,000	£2,500,000	£2,500,000	£2,500,000	£2,500,000	£2,500,000	£15,000,000
Total		£114,230,595	£80,067,557	£73,607,075	£91,491,954	£80,239,884	£92,613,569	£532,250,634
Proposed Adjustments (Additional Budget Requirements)								
Increase in A & A Budget to meet increased demand	Unable to carry out a comprehensive assessment without full review of data but seems sensible for portfolio size	£1,750,000	£1,750,000	£1,750,000	£1,750,000	£1,750,000	£1,750,000	£10,500,000
High-Rise- Options Work Stage	Increased by 12.5 % to allow for inflation since original options assessment completed	£9,562,500	£0	£0	£0	£0	£0	£9,562,500
Stock Condition Surveys- 20% per year	Recommend 25% increase based on current market rates	£375,000	£375,000	£375,000	£375,000	£375,000	£375,000	£2,250,000
Digital Switchover ILS	Not reviewed	£0	£0	£0	£0	£0	£0	£0
Procurement consultant support	Not reviewed	£160,000	£0	£0	£0	£0	£0	£160,000
Wifi in ILS	Not reviewed	£0	£0	£0	£0	£0	£0	£0
CCTV	Not reviewed	£145,000	£0	£0	£0	£0	£0	£145,000
Fire Safety Works (High Rise)	Unable to carry out a comprehensive assessment without full review of data but seems sensible for portfolio size	£2,050,000	£750,000	£750,000	£750,000	£750,000	£750,000	£5,800,000
Fire Safety Works (Low & Med. Rise)	Unable to carry out a comprehensive assessment without full review of data but seems sensible for portfolio size	£1,350,000	£750,000	£750,000	£750,000	£750,000	£750,000	£5,100,000
Fire Doors (High Rise)	Unable to carry out a comprehensive assessment without full review of data but seems sensible for portfolio size	£980,000	£100,000	£100,000	£100,000	£640,000	£460,000	£2,380,000
Fire Doors (Low & Med. Rise)	Unable to carry out a comprehensive assessment without full review of data but seems sensible for portfolio size	£2,490,000	£150,000	£150,000	£150,000	£1,500,000	£1,050,000	£5,490,000
Smoke & CO Detectors	Unable to carry out a comprehensive assessment without full review of data but seems sensible for portfolio size	£715,000	£0	£0	£0	£0	£0	£715,000
Decarbonisation (EPC by 2030)	Scenario 1 is based on ensuring all stock meets EPC-C by 2030 then Net Zero plan kicks in from 2031. Costs could vary significantly depending on actual energy performance of the assets (vs extrapolated from current EPC data set), market rates, intervention type, national policy, technical standards etc	£11,500,000	£6,300,000	£0	£0	£0	£0	£17,800,000
Decarbonisation (Net Zero by 2050)	Scenario 1 is based on ensuring all stock meets EPC-C by 2030 then Net Zero plan kicks in from 2031. Costs could vary significantly depending on actual energy performance of the assets (vs extrapolated from current EPC data set), market rates, intervention type, national policy, technical standards etc	£0	£11,000,000	£27,500,000	£27,500,000	£27,500,000	£16,500,000	£110,000,000
Funding- 40% (assumption)	Seems reasonable but could vary significantly depending on national policy and how the Net Zero funding model at a global level develops	£-4,600,000	£-6,920,000	£-11,000,000	£-11,000,000	£-11,000,000	£-6,600,000	£-51,120,000
Decent Homes 2	The revised Decent Homes standard is currently under review and subject to stakeholder consultation. The potential changes are only indicative. Therefore no benchmarking data is available. It is anticipated that the key areas likely to be included (decarbonisation, compliance, environmental works etc) are covered in the overall SBC 30 year plan, but it would seem sensible to build in an allowance based on 5% of the existing Decent Homes costs (approximately £ 1k per asset per year), with investment to 'catch up' front loaded to the first 5 years of the plan then an allowance for lifecycle replacements profiled over 25 years.	£2,000,000	£250,000	£250,000	£250,000	£250,000	£250,000	£3,250,000
Total Additional Budget Requirement		£28,477,500	£14,505,000	£20,625,000	£20,625,000	£22,515,000	£15,285,000	£122,032,500
Grand Total		£142,708,095	£94,572,557	£94,232,075	£112,116,954	£102,754,884	£107,898,569	£654,283,134
Total per annum		£28,541,619	£18,914,511	£18,846,415	£22,423,391	£20,550,977	£21,579,714	£21,809,438

It should be noted that at this time the Council has not included net zero options within the revised HRA Business Plan due to the technical complexities of identifying the best solutions for the stock and the financial impact on the plan if external support is not available.

The Stock Condition data set is critical to enabling effective investment planning. The primary data source is the stock condition survey, which incorporates information about buildings and associated components including age, condition, quantity, and type to drive the investment planning process and ensure the Council can monitor compliance with regulations and standards.

The stock condition data is derived from stock condition surveys. Currently, 93% of the Council's has been surveyed. However, sector standards recommend that properties are surveyed, on

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average, at least once every 5 years to ensure a high standard of data quality to enable effective investment planning and decision making. As some of the data is now older than 5 years, the Council is currently in the process of commissioning a new stock condition survey, to be delivered by independent consultants. This will provide a refreshed data set to inform future planning and decision making, which is particularly important to enable the Council to prepare for the in the major forthcoming regulatory changes set out in the AMS.

4.5. Asset Information

Asset Information is critical to effective asset management. It is imperative that the Council builds on the data quality to enable effective planning and decision making, particularly during this period of unprecedented change

Stock Condition data is the foundation for effective investment planning. However, a number of other information sets are required to deliver on the visions and outcomes of the AMS:

- Compliance data including an up-to-date asbestos register and records of compliance events
- Building safety case data contributing to the 'Golden Thread' of building lifecycle data
- Energy performance data
- Repairs and maintenance history
- Asset performance insights including voids, turnover, income, demand
- Customer information
- Robust financial data- planned and actual expenditure at asset level
- Supplier information for effective supplier management

All stock data is held on the Keystone asset management database, which is administrated by the asset management team. This provides a comprehensive single data source for condition information, works programmes, renewal and cyclical maintenance history.

As part of the wider digital transformation programme, the Civica Cx Assets system will be replacing the Keystone system, which offers an upgraded solution utilising the latest technology. This will ensure that the Councils asset information will be managed within a fit for purpose system that will provide further opportunities around digital asset management, which is key to modern, effective asset management.

In addition to survey information details of all completed works are captured and updated in the data base to maintain the accuracy of the data. The Asset Management Team carry out regular health checks to ensure data quality is maintained.

Other information utilised is held outside the Keystone database, for example financial information, so it is important that regular reconciliations between systems are completed to ensure alignment and maintain data quality.

The Council is also exploring opportunities provided by BIM (Building Information Modelling). A BIM platform would leverage the latest technology in digital asset management, providing a 'digital twin' of key buildings and components. The initial focus is on high-risk buildings, where BIM technology can support the Council to meet requirements of the Building Safety information requirements (The 'Golden Thread'). The interactions between Keystone and other existing systems will need to be managed appropriately. The BIM project team will also work closely with the Development team to explore how BIM technology can be used on new build developments.

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As more internal processes and Council services become digital, data quality will become even more critical. The Asset Management Team are engaged with the Digital Transformation programme and will explore opportunities for improving data quality which might include:

- Investment in data warehousing to improve reporting and insights
- Investment in data quality/governance tools to automate data quality checks to improve accuracy, completeness and timeliness of data.
- Providing training and support for staff to embrace data quality taking ownership at a local level

4.6 Asset Performance Review

The council carried out a review of its Asset Management Strategy in 2014, which included a detailed analysis of the housing assets and their investment requirements over the 30-year business plan period.

The review focused on two main areas:

- Defining the true financial performance and investment requirements of the housing stock, relating to this the HRA capacity and the financial demands of development.
- Addressing sustainability in its fullest sense, recognising the importance of neighbourhoods and economic factors, as well as dwellings themselves, in influencing demand and then addressing assets or asset categories with fundamental sustainability problems.

As part of the first stage of the review, consultants applied a grading model based on a range of financial performance and qualitative measures. Asset groups were established to assign stock within the portfolio into thematic groups, for example long term sustainable stock, stock requiring more detailed options appraisals and stock identified for disposal. The key outcome of the review was that 5,496 units (i.e., 66% of the total housing stock), was deemed to be sustainable in the long term.

The remaining 34% of the assets fell within the other categories. These properties were identified as being potentially 'challenging' as they performed relatively poorly, based on their score in the asset grading model and their financial impact on the HRA.

The next stage of asset review was to consider the options for the challenging assets and to scope specific recommendations for each group, in order to assist the council in developing its asset management plan.

2023 Updated Position

Following the asset performance review, a range of interventions have been carried out to improve the overall asset performance of the portfolio. This includes a significant amount of investment works, remodelling, detailed options appraisals and disposals.

Options Appraisals

The requirement for Options Appraisals has been identified for some stock which either did not form part of the Asset Review or where circumstances have changed since the review. Those areas identified include the following:

- High Rise Flat Blocks

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- Flat Blocks where investment in individual flats exceed £25k
- Sheltered Housing Schemes

We will develop standard Options Appraisal templates in line with those used through the Asset Review. This will include scoring the solution against a number of criteria including Social, Financial and Environmental.

4.7 Investment Planning

An effective investment planning approach is essential for ensuring that The Council can maintain its asset portfolio, supporting robust business planning and optimising the limited resources available.

The investment planning approach involves is underpinned by the strategic objectives set out in the AMS and enabled through processes, policies, data and insights to develop short, medium and long-term investment plans. The investment planning approach is a lifecycle process and is overseen by the Asset Management Team.

A series of investment principles and priorities underpin the investment planning approach, which combined with the asset information, enable effective investment planning. Additionally, the Asset Management Teams works closely with stakeholders including residents, housing management and finance to shape the investment plans. The investment plans inform the detailed works packages that are delivered through the investment programmes.

Completed works recorded in the systems to reset component lifecycles and monitor expenditure and long-term business planning, which is all part of the asset management lifecycle approach.

4.8 Asset Standards

In addition to legislative requirements such as compliance e.g. fire safety, the Decent Homes Standard sets out a minimum standard for social housing in England.

The government is accelerating a review of the Decent Homes Standard, as part of the Social Housing Reforms.

As part of its vision to provide and maintain high quality homes, in addition to delivering excellent customer service, the Council is developing its own standards which will set the benchmark for service delivery including Asset Management.

The Council will continue to review evolving government policy and regulatory changes, to ensure it is prepared to meet changes in standards.

Decent Homes

The Decent Homes Standard is only a minimum baseline. The minimum standard requires that:

- The property must be free of Category 1 hazards under the Housing Health and Safety Rating System.
- It must be in a reasonable state of repair.
- It must have reasonably modern facilities and services.
- It must provide a reasonable degree of thermal comfort.

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The Stevenage standard is higher than the minimum which means that all key internal decent homes elements (kitchens, bathrooms, rewires, heating) in a property that fail the standard on age or condition are replaced in through a planned work programme, in order to minimise inconvenience for tenants and to maximise operational efficiencies, wherever possible works will be carried out at the same time.

The Council aims to achieve 100% compliance with the Decent Homes Standard. Significant progress has been made in reducing the level of non-decency from a position of 54% in April 2008 to the current level of 32% in March 2023.

Table 17: Number of dwellings that are non-decent at March 2023 * some dwellings fail on more than one criterion

Tenure	No. of Dwellings
No. of non-decent dwellings	1769
Dwellings with category 1 hazards (HHSRS)	0
Dwellings not in a reasonable state of repair	1758
Dwellings without reasonably modern amenities and services	51
Dwellings without reasonable degree of thermal comfort	8

4.9 Safer Places- Building Safety, H &S & Compliance

The Council has a legal duty to ensure all residents live in a safe environment and a number of the key areas of compliance are covered in this section. All areas of compliance are covered by separate individual policies and procedures for each area, each of these are being reviewed during the life of the strategy.

The compliance team are responsible for all areas of compliance and a series of planned programmes which ensure we meet our obligations, which include the following key areas:

- Housing Health and Safety Rating System (HHSRS)
- Gas Servicing
- Fire Safety
- Asbestos Management
- Legionella
- Electrical Safety
- Lifts & Lifting Equipment

Fire Safety

A full review of our fire safety compliance has been carried out following the Grenfell tragedy in June 2017. As a result of the review we have established a fire safety action plan to ensure our continued compliance with regards fire safety., which will be delivered as part of this strategy. The Council is implementing the changes required to comply with the following legislation, with the recent completion of sprinklers in all high-rise blocks. The Council is actively implementing changes to ensure that it complies with the outcomes of the Fire Safety Act 2021 and The Fire Safety (England) Regulations 2022.

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Building Safety Act 2022

Beyond the specific areas of Asset Compliance, the Council has been proactively preparing for the Building Safety Act which came into effect on 28th April 2022. Key objectives include:

- Identification of the high-risk buildings in scope of the legislation and detailed assessments completed to identify remediation works and high-level cost estimates
- Development of a BIM (Building Information Modelling) roadmap to enable digital assets approach for managing the 'Golden Thread' of asset information, initially for in-scope buildings but with opportunity to roll out to the wider portfolio
- Training and skills- identifying the training and skills which will be required across the Council to deliver the new approach
- Ensuring alignment with the resident engagement strategy
- Reviewing policies, processes and standard operating procedures in anticipation of the detailed legislation

4.10 Climate Change & Net Zero

The Council has taken a pro-active approach to tackling Climate Change and declared a Climate Change Emergency in 2019. The Council has developed a Climate Change Strategy setting out how it plans to respond tackle the Climate Change Emergency and the AMS is aligned with this strategy. The residential sector accounts for 16% of the overall carbon emissions in the UK (2020 estimate), primarily from the use of fossil fuels for cooking, heating and hot water provision.

It is therefore critical that Climate Change & Net Zero is a critical priority within the AMS. A traditional approach to asset investment, focussed on component renewals with Climate Change being a supporting theme is no longer good enough. Climate Change and Net Zero, alongside safer places and social housing reforms must be at the centre of Asset Management Planning & Delivery.

The Council has a vision to reduce its emissions to Net Zero, supporting its businesses and residents to do the same by 2030:

The AMS vision and outcomes for Climate Change & Net Zero are to:

- Contribute to the Council's Net Zero 2030 target by reducing carbon emissions across the housing portfolio
- Improve the quality of lives for residents by reducing fuel poverty, providing energy efficient homes and enabling a resident led approach
- Deliver wider sustainability objectives including water, waste, transport and environment e.g. trees and green spaces

The key objectives to deliver these outcomes are:

- A resident led approach provides opportunities to engage residents and communities
- Contribute to local community regeneration through partnership working
- Set out consistent standards for new homes and investment in existing homes
- Develop a culture of innovation across the board
- Explore grants and funding opportunities e.g. ECO4 and the Social Housing Decarbonisation Fund

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- Implement the data and insights e.g. energy performance data to required enable effective scenario planning and programme development, utilising appropriate software e.g. SAVA
- Ensure the climate change standards are aligned with the development of new homes, to mitigate future retrofit costs and disruption
- Integrate energy efficiency measures within the asset performance model
- Ensure staff have the right knowledge and skills to the deliver the climate change approach through recruitment, training and effective internal comms
- Explore wider sustainability activities e.g. review of fleet, waste and water and environmental initiatives e.g. tree planting
- Continue partnership working with existing partners such as the Hertfordshire Partnership and the University of Hertfordshire while exploring new partnership opportunities.

4.11 Responsive Repairs

The council's repair service is delivered by an in-house Direct Labour Organisation (DLO), which is responsible for responsive repairs and works to void properties. It carries out approximately 22,000 repairs a year.

The key outcomes are to:

- Ensure a prudent, planned approach to repairs and maintenance of homes and communal areas which demonstrates an appropriate balance of planned and responsive repairs, and value for money.
- Provide a cost-effective repairs and maintenance service to homes and communal areas that responds to the needs of, and offers choices to, tenants, and has the objective of completing repairs and improvements right first time.
- Meet all applicable statutory requirements that provide for the health and safety of the occupants in their homes.

The key objectives to deliver the outcomes include:

- Improve the customer journey by providing a more proactive approach to maintaining our properties
- Establish a cost-effective way of working by reducing costs of future regeneration by maintaining the stock to a high standard
- To ensure roles and responsibilities are clear and understood by all to allow quicker fixes before a problem and cost of resolution escalates
- Mitigate health and safety risks such as slips, trips and falls with a proactive rather than reactive service
- Reduce call outs, costs and improve satisfaction by fixing right first time instead of temporary fixes. This includes replacing with new when its more commercially viable
- In-source glazing, drainage, cleaning services and other trades which are currently still subcontracted out, to reduce costs and ensure complete control over asset standards.
- Review service standards, systems and processes to improve service delivery
- Implement an effective cyclical decoration programme to minimise responsive repairs
- Ensure the appropriate staff resources are in place to deliver an effective repairs service through recruitment, training, staff retention initiatives and internal communications.

4.12 Empty Homes

The effective management of void properties (empty homes) is key to maintaining quality standards, ensuring new residents can move into their new homes as quickly as possible, while minimising rent loss. This service is managed by the Empty Homes team which is part of the repairs function.

The key objectives to deliver an effective service include:

- Increase the amount of works assigned to the in-house DLOR where this makes sound financial sense and doesn't impact on rent loss figures
- Review of service delivery, processes and systems
- Develop and deliver an improvement plan based on the service review
- Review the lettable standard, agreeing a revised standard with key stakeholders

4.13 Value for money

Key to delivery of the Asset management Strategy is ensuring we achieve value for money. We have set a target within the business plan of achieving a 1.5% efficiency saving through procurement, value engineering and other opportunities to achieve efficiencies.

The key objectives to delivering this include:

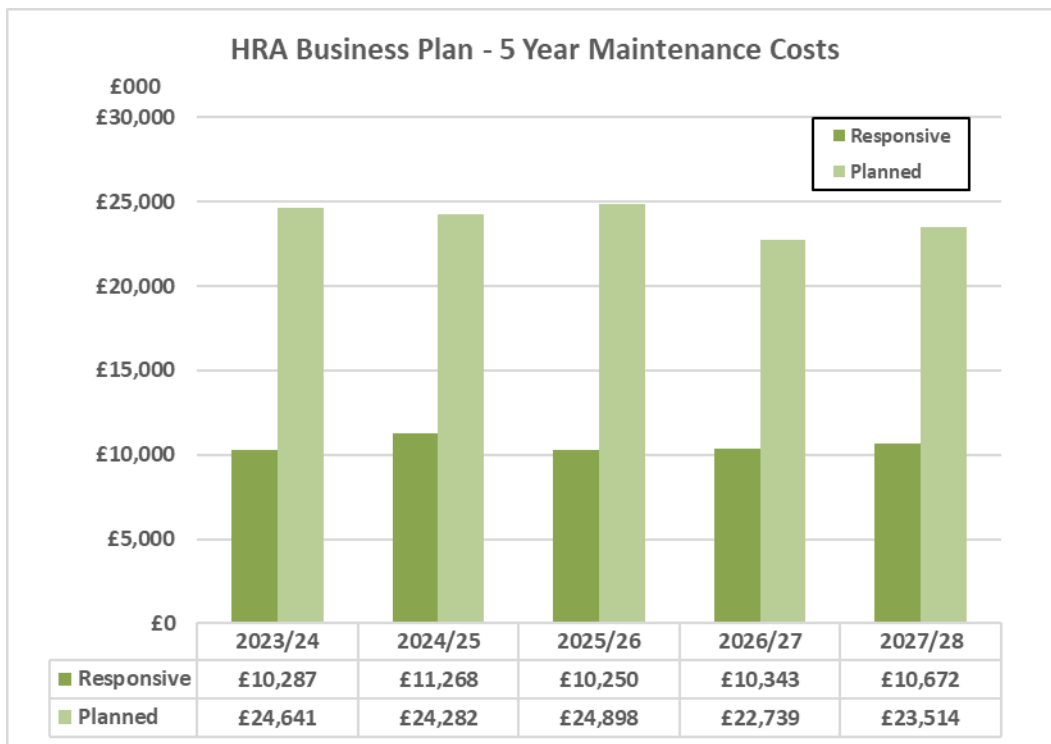
- Asset performance review- seeks to ensure that poorly performing properties are providing a positive Net Present Value (NPV) to the HRA.
- Effective procurement to deliver work packages in the most cost effective way
- Increase the ratio of planned works vs responsive works
- Strategic asset performance model- ensure investment is appropriate or whether alternative options should be pursued
- Agree procedure for measuring efficiency savings against the published targets

5 Enablers

5.1 Funding

Funding for the strategy will be found from within the ring fenced HRA account and, where appropriate, from other capital financing sources. The graph below shows the 2023/24 Budget and the amounts currently in the HRA Business Plan, over the following four years, for responsive and planned maintenance.

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This graph shows that current plans allow for £52.8 million for responsive and cyclical works and £120 million for planned and major works.

A key theme throughout the AMS is the scale of forthcoming regulatory change including Building Safety & Compliance, Climate Change and Net Zero and Social Housing reforms. At this time some allowance has been made for future reforms that will be refined as more information becomes available. However, due to the complexity and scale of achieving net zero within the housing stock, this work is not currently costed within the business plan.

5.2 People

The Council's workforce is critical to delivering the outcomes set out in the AMS and FTFC strategy. As set out in the AMS, the Council will need to assess implications of the major forthcoming changes in the sector, including Building Safety & Compliance, Climate Change & Net Zero & Social Housing reforms on its People strategy.

This includes a review of skill sets, organisational structure and training programmes. As the UK emerges from the Covid 19 pandemic, there are significant shifts in labour markets, with a very large number of vacant positions. The Council will therefore need to review its approach to recruitment and retention to ensure there is a sustainable people strategy to enable delivery of the AMS.

5.3 Digital Transformation

The Council's Digital Transformation programme is fundamental to ensuring the Council designs and implements the appropriate changes across its processes, people, information and systems to realise the ambitions set out in its over-arching FTFC strategy.

The key outcomes include:

- Improving the customer experience

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- Increased productivity and efficiency
- Improving the employee experience
- Supporting the Community Regeneration approach

This will be achieved through:

- Reduction of manual processes
- Providing digital services to customers
- Self-service for employees
- Implementing new technology and improving integration of systems

The Asset Management Team will engage with the Digital Transformation programme through all of the planned activities to ensure alignment with the overall Council strategy. Examples of related activities and potential projects include:

- Introduction of BIM (Building Information Modelling) enabling a digital approach to managing the Council's assets
- Review of asset systems and the interaction with customer, finance and other Council systems
- Resources and organisational structure
- Data quality

5.4 Suppliers & Procurement

The Asset Management & Responsive Repairs Team are responsible for over £ 30 Million of investment in the Council's housing portfolio every year. This includes both products, for example windows, boilers, tools, fleet etc and services for example contractors delivering an extensive array of works, specialist consultants etc

It is therefore important that there is an effective approach to supplier management and procurement.

The Council recently launched its 'Co-operative & Insourcing Strategy' with the aims of:

- Improving value for money
- Embedding a commercial approach
- In-sourcing services where practical
- Exploring opportunities to increase income

To enable an improved approach to procurement, the Asset Management team is seeking to appoint specialist consultants to review the procurement process and implement improvements and new solutions.

In addition to having an effective approach to procurement, it is equally important that existing suppliers and contractors are managed effectively. The Asset Management Team has a robust Supplier Management approach which includes:

- Setting out clear contract performance measures from the outset of new contracts
- Regular review meetings with suppliers and contractors
- A pro-active approach to managing issues and ensuring the Council gets the best value out of the relationships

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The Council is also actively monitoring the Public Procurement Bill 2022, which is set to transform procurement regulations across the board, following the transition from EU regulations, which will have implications for both The Council and suppliers.

5.5 Governance & Risk

Asset and Capital Board

It is the intention of this Board that ACB play a key role in preparing and implementing the corporate objectives within the new emerging Asset Management Plan for both GF and HRA assets. The Board is chaired by a Strategic Director and supported by the Assistant Director (Finance & Estates). This will provide a forum for a high-level discussion and decision forum on recommendations coming forward from the Locality review work, one Public Estate and other property initiative (Housing Development and Regeneration). Membership of this group includes Senior Officers from across the Council including Property and Housing Investment, Estates, and Housing Development.

Senior Leadership Team

The outcomes from the ACB are escalated to the Senior Leadership Team (SLT) as appropriate.



The governance framework also underpins the approach to managing risk. The Asset Management service is exposed to a wide range of risks around safety and compliance, financial risk, regulatory and legal compliance, supply chain management and risk of reputational damage through poor service delivery.

A resilient approach to risk management is one of the key outcomes of the AMS. Effective policies, procedures and processes, high quality data, intelligent planning and analysis, smart investment in assets and having the resources with the right skill sets all contribute to effective risk management.

The risk management approach also drives the prioritisation of investment.

The risk management approach is co-ordinated through the Operational Risk Register (ORR) which is regularly reviewed and updated. This identified key themes, likelihood and impact of specific risks and mitigations to reduce risks as required.

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5.6 Performance Management

The outcomes of the strategy will be reviewed against the strategy action plan as detailed in **Appendix B- AMS Action Plan**

The below groups will also have annual reviews of the strategy:

- Assets & capital board
- Housing management advisory board
- HRA business plan working group

Performance will continually be monitored through corporate performance monitoring measures, partnership board, service plans and team meetings.

5.6.1 Benchmarking

We are members of the Housing Quality Network Best practice in Asset Management Group. This covers a wide range of issues and enables us to learn from others in developing our strategy and ensuring continuous improvement. We also carry out benchmarking against Housemark data on a quarterly basis in relation to major works and capital administration costs to benchmark our Asset Management Service with similar organisations, as a way of improving value for money and driving up standards. This helps us to establish performance improvement targets.

5.6.2 Key Performance Indicators (KPIs)

The Council monitors overall performance through performance metrics which include Key Performance Indicators (KPIs) for Asset Management & Responsive Repairs. The Asset Management Team will review the KPIs and specific targets to ensure they are aligned with the updates to the AMS and emerging changes e.g. Building Safety & Compliance, Social Housing Reforms and Climate Change & Net Zero.

5.7 Quality Management

The Asset Management team are responsible for ensuring that quality standards are maintained across the Asset Management service including responsive repairs, compliance, planned investment and cyclical maintenance.

The quality management approach includes the following activities:

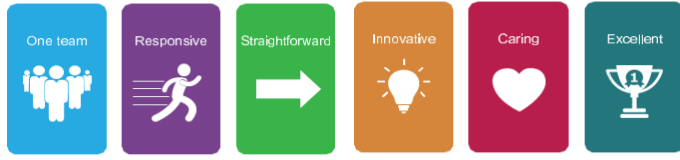
- Performance Management- review of the service areas against KPIs and external benchmarking
- Internal Audits- regular reviews targeted at specific areas of service to assess standards and set out any improvement requirements.
- Works Inspections- programme of inspections for work programmes carried out by internal staff to check the quality of work and standards delivered by contractors.
- Independent Audits & Reviews- regular audits carried out by independent specialists for example independent audits around gas safety inspections. In addition to specific asset works programmes reviews and audits are also carried out across all areas of service, for example TPAS carried out a review of the Councils approach to Customer Engagement, providing an independent review, insights and recommendations for improvements and change.

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The Asset Management Team will continue to review the quality management approach to ensure alignment the AMS and over-arching Council FTTC strategy.

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Our values

Future town future council
 Delivering on our promises | Building stronger foundations

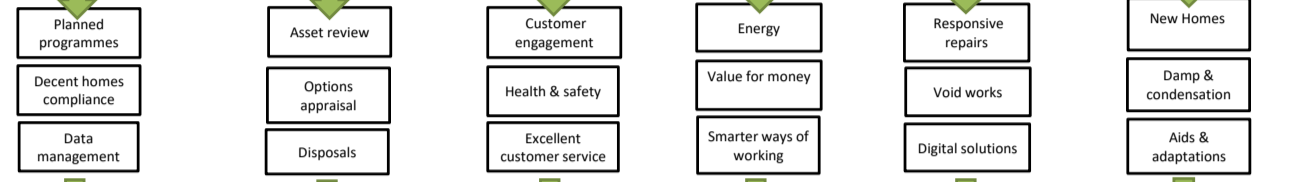
FTFC priorities



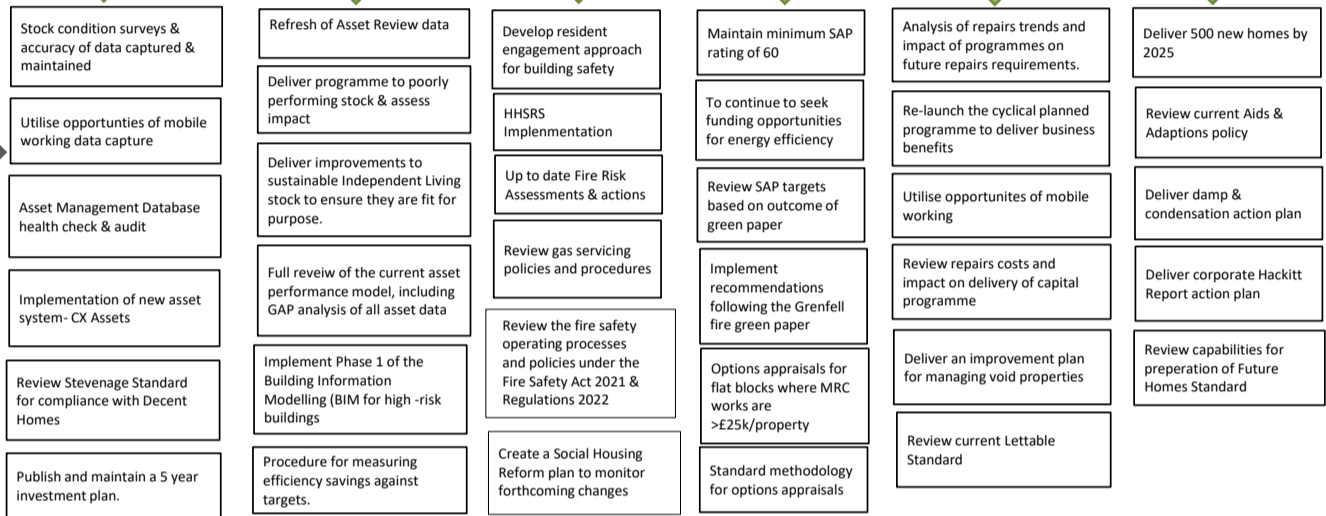
Strategic Themes



Objectives - areas of focus

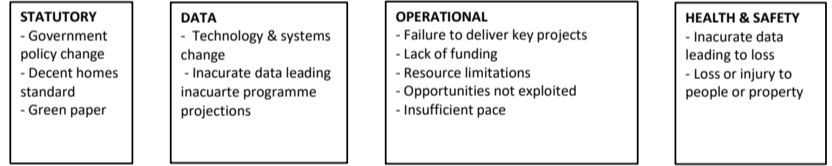


Key Actions

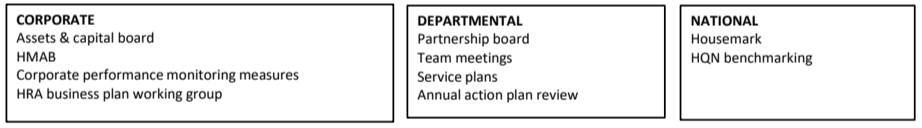


Action plan outcomes

Risks



Performance management & governance



Finance

HRA business plan Medium term financial strategy	Year	1 to 5	6 to 10	11 to 15	16 to 20	21 to 25	26 to 30
	Current Major Works	£114,230,595	£80,067,557	£73,607,075	£91,491,954	£80,239,884	£92,613,569
	Additional Budget Requirement Option 1	£28,477,500	£14,505,000	£20,625,000	£20,625,000	£22,515,000	£15,285,000
	Additional Budget Requirement Option 2	£85,577,500	£42,525,000	£4,125,000	£4,125,000	£6,015,000	£5,385,000

Asset management approach - Continuous process of 'Plan', 'Do', 'Review'; taking input from the Councils Corporate Plan Priorities and changing and updating to meet service needs, variations to the changing property environment, and requirements for management of risk. This enables clarity of direction, flexibility and speed of action to deliver a first class service and an effective and efficiently managed portfolio.

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Meeting: EXECUTIVE

Portfolio Area: Resources



Date: 15 November 2023

2ND QUARTER REVENUE MONITORING REPORT – GENERAL FUND AND HOUSING REVENUE ACCOUNT (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 monitoring 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 2nd quarter projected net increase in General Fund expenditure of £1,850 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

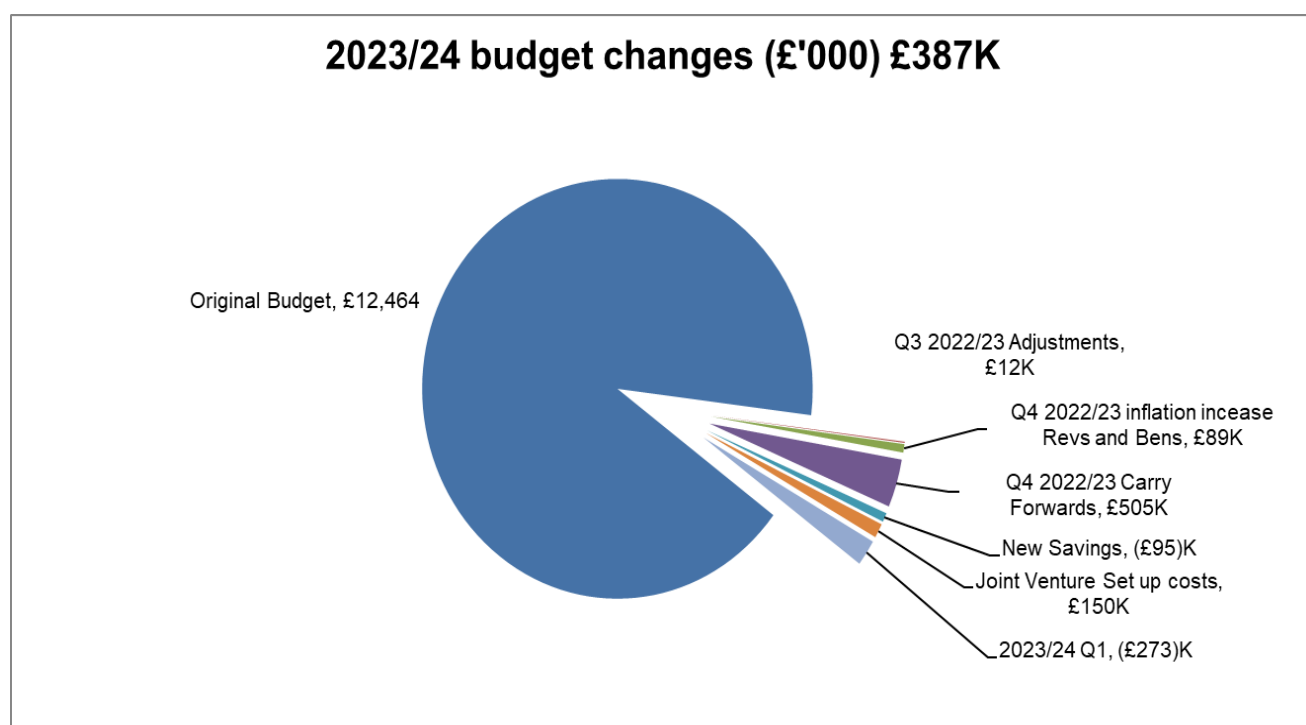
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Housing Revenue Account

- 2.4 That the 2023/24 2nd quarter projected net budget underspend in the HRA of £1,229,920 be approved.
- 2.5 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 £387,280 as detailed in the chart below:

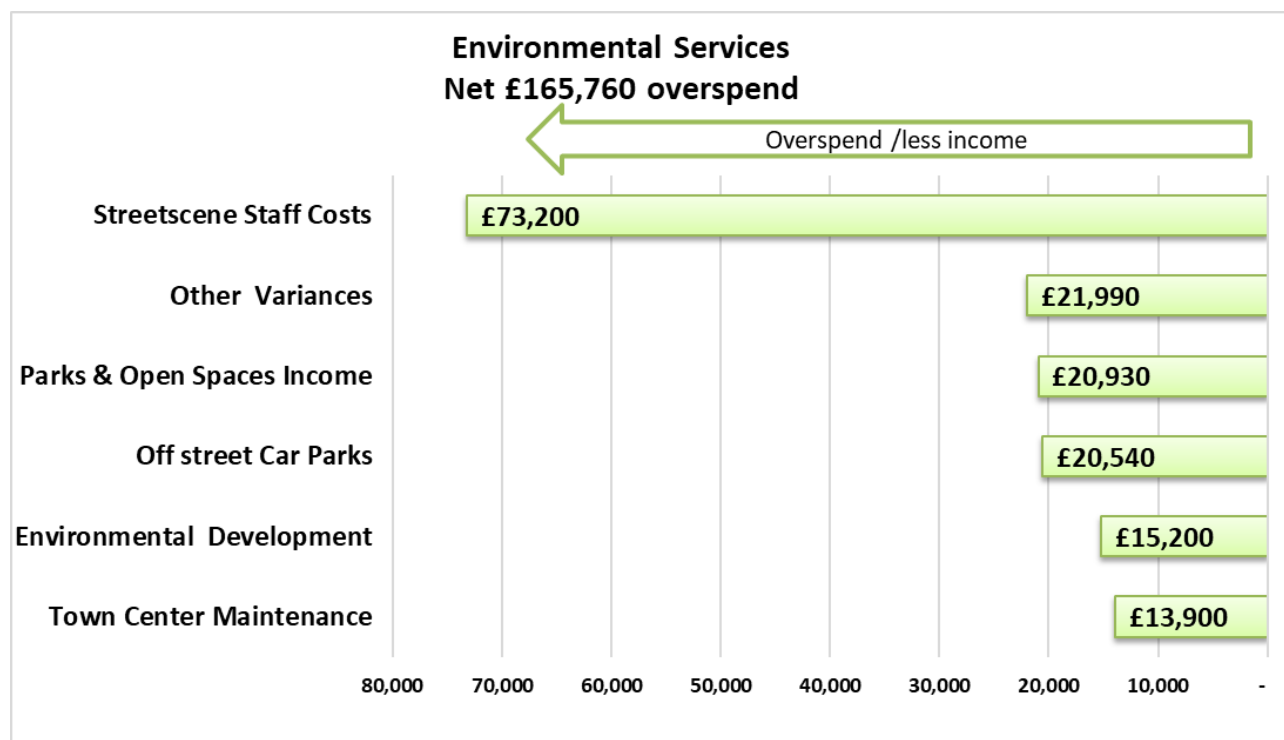


4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 General Fund – Budget Review

- 4.1.1 Following the 2nd quarter review of the General Fund budgets officers have identified a small projected increase in the forecast budget for the year of £1,850. A detailed analysis is set out below by General Fund service area.
- 4.1.2 **Environmental Services** is forecasting an increase in expenditure or less income for 2023/24 of £165,760 analysis is reported below:

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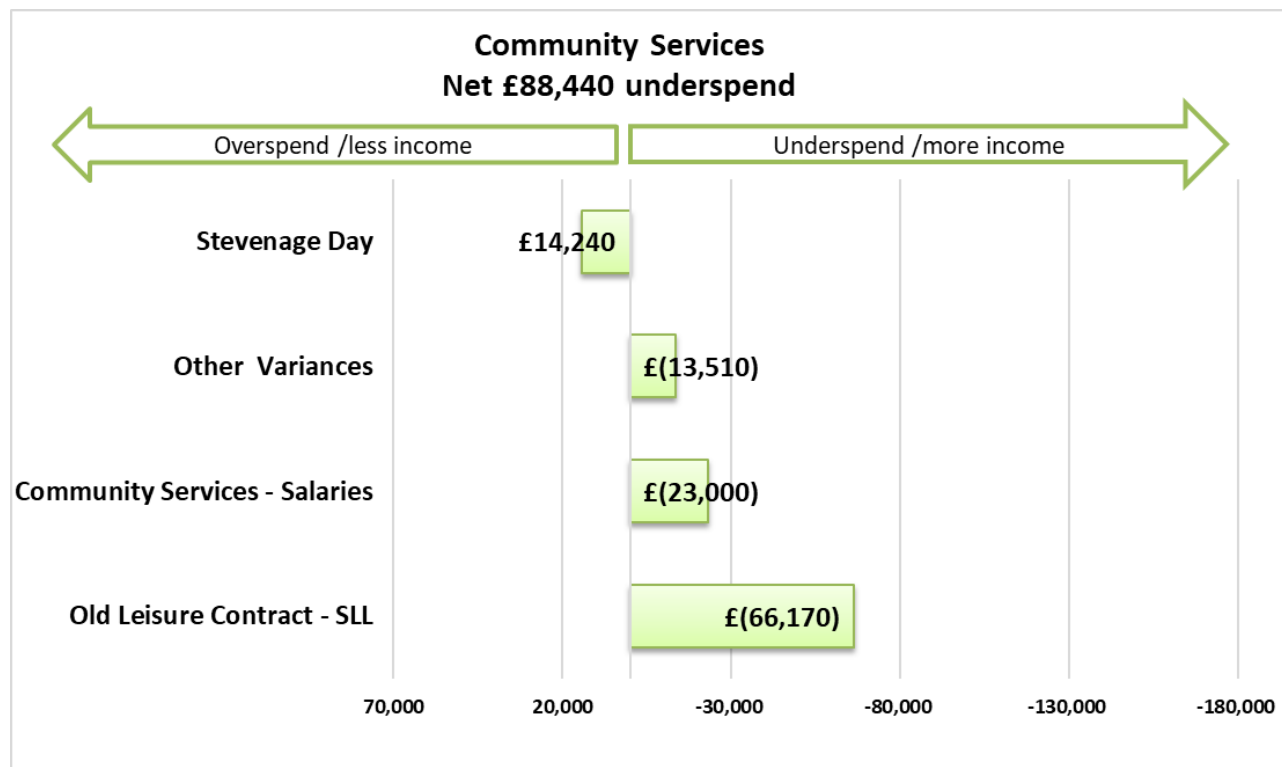
4.1.3 This is made up of the following forecast increase expenditure and / or reduction in income for the year:

- **Street scene Staff costs** – Agency forecasted spend is currently at £420K, this is an increase of £95K due to seasonal work pressures compared to the working budget. This increase is spread across four teams: £47K in Verge maintenance, £29K in Landscape maintenance, £13K in Amenity Woodlands, and £6K in Environmental maintenance. This is partly offset by salary underspends of £22K in Q2, resulting in a net pressure of £73K.
- **Other Variances** - a combination of small number of variances across the service.
- **Parks & Open Spaces income** has seen a significant reduction to date due to a decrease in football pitch bookings, which makes it unlikely to meet the original budget. The projected income is in line with last year's actual suggesting a developing trend. The service is currently reviewing to determine how to best promote the current facilities.
- **Off-Street Car Parks** – the overall forecast indicates an improvement in income for all car parks, however within the overall estimate Westgate and Railway North are reporting a pressure versus budget. The latter has been impacted by a number of train strikes and anecdotally the shift to hybrid work patterns.
- **Environment Development** income was incorrectly increased at quarter 1 and this now reflects the current projections in line with original budget.

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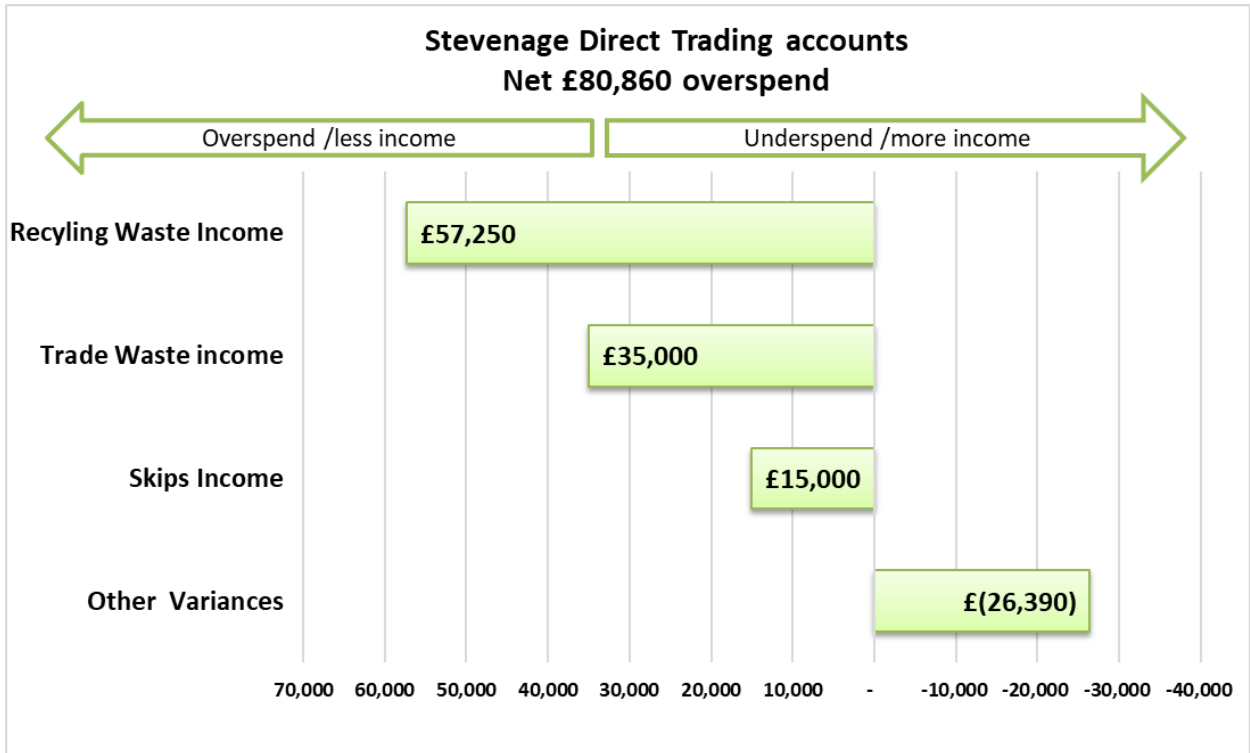
- **Town Centre Maintenance** – this is made up of a number of maintenance costs including the replacement of the pond’s water softener.

4.1.4 **Community Services** is forecasting a reduction in expenditure for 2023/24 of £88,440 analysis is reported below:

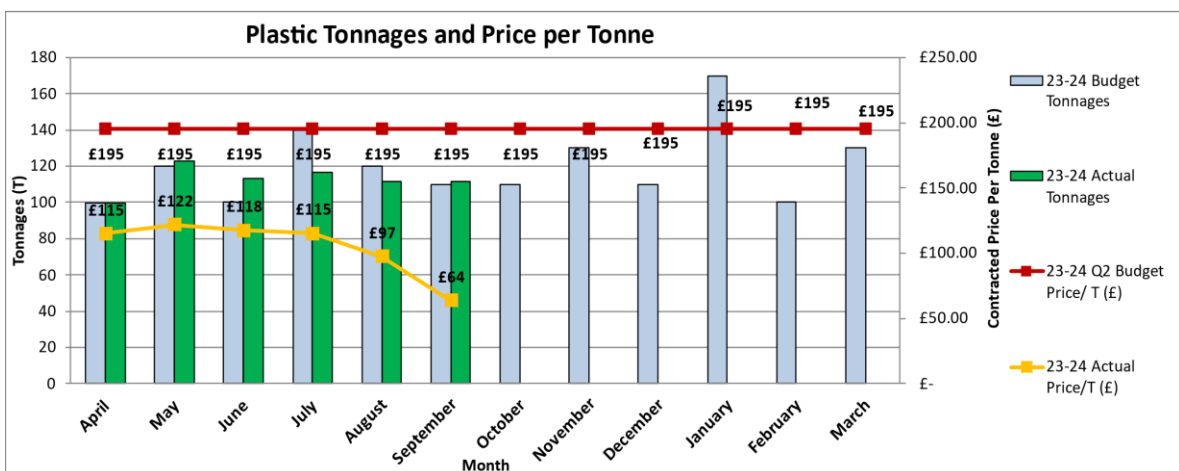


- **Stevenage Day** – the net cost of Stevenage Day (net of stall income) was £14K more than the budget.
- **Other variances** - a combination of small variances across the service.
- **Community Services Salaries** – is reporting in-year saving of £23K due to turnover of staff in year.
- **Leisure Contract** – following final negotiations with the previous leisure provider the final fee payment was agreed. The underspend against budget has been utilised to fund £150K of capital works (relating to the leisure centre) and the balance of £66K is an in year saving to the General Fund.

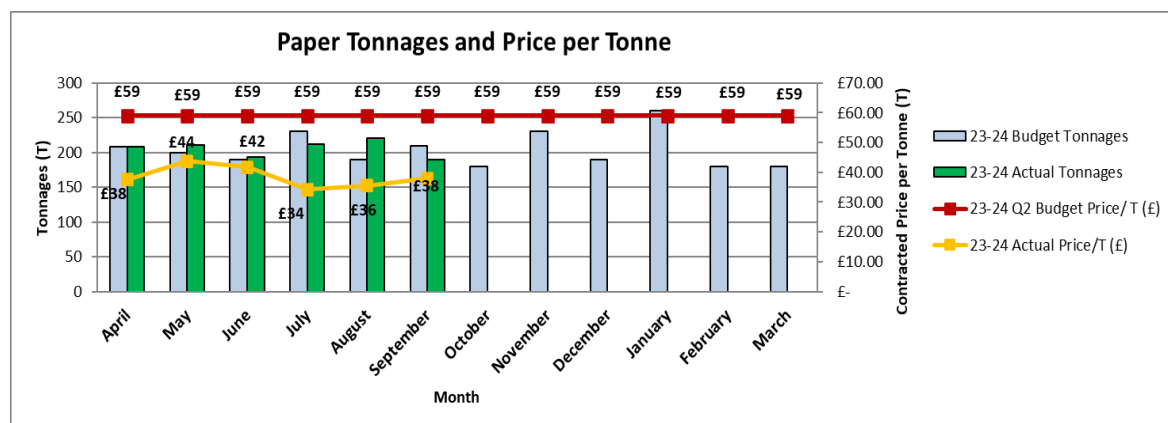
4.1.5 **Stevenage Direct Trading Account** is forecasting an increase in expenditure or less income for 2023/24 of £80,860 analysis is reported below:



- **Recycling Waste Income** – the recycling pressure of £57K has arisen as a result of:
 - I. Projected Recycle income from **plastic** reduction of £38K – this relates to income the Council receive from recycling the plastics collected. Although the tonnage collected is slightly up on last years, the price per tonnage the Council receives has dropped to £64 per tonnage from August’s £97 per tonne. It should be noted that this market is very volatile from global demand as well as energy prices. No adjustments have been made to the 2024/25 budgets as this is treated as in year pressure.



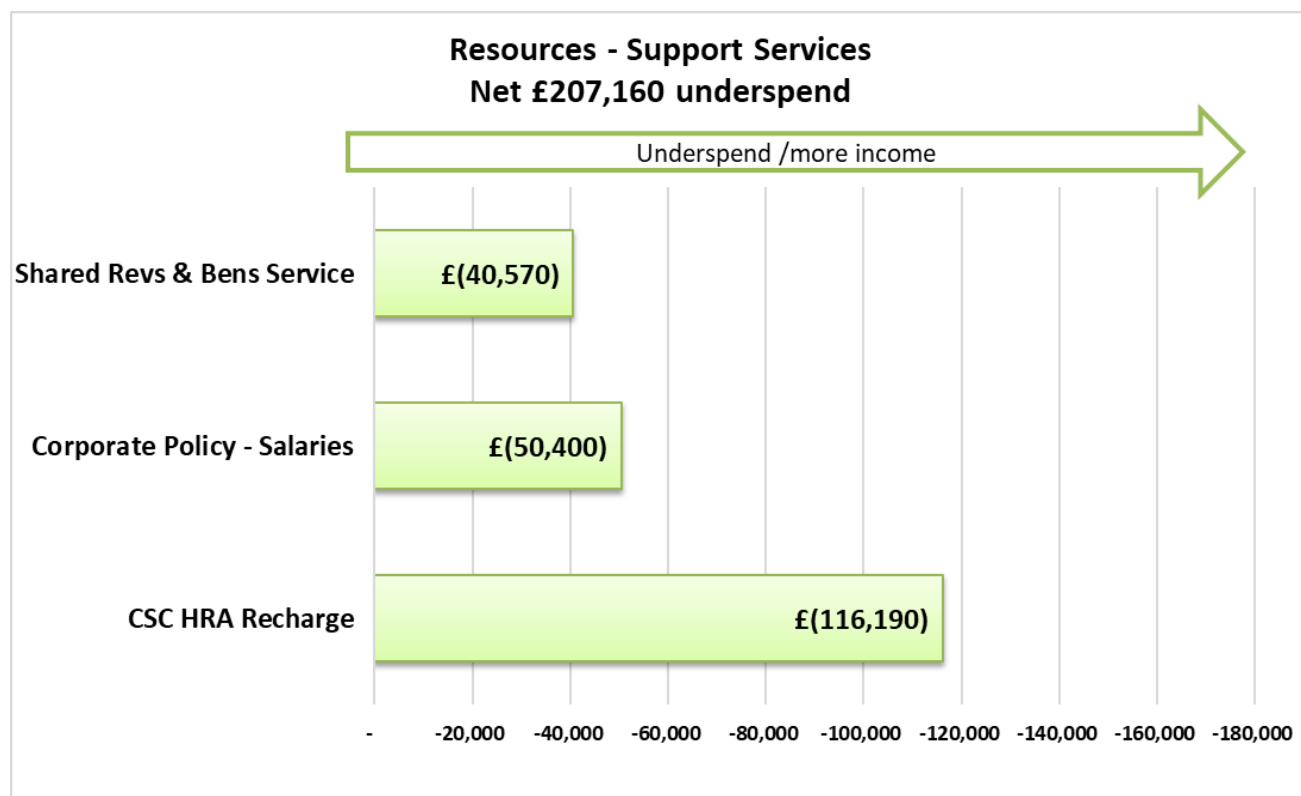
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II. Projected reduction in Recycling income from **paper** - £19K – this relates to income the Council receive from recycling the paper collected. Since last September, the price of paper per tonne has shown signs of recovery, reaching £38 per tonne this September. However, it's still notably less than the previous year's rates, mainly attributed to diminished global demand. The escalating concerns over energy costs persist in keeping the tonnage rate suppressed. No adjustments have been made to the 2024/25 budgets as this is treated as in year pressure.

- The loss of two major contracts impacted **Trade Waste Income**. Currently, SBC holds 33% of the town's trade custom, the lower revised level of trading income has been identified as ongoing pressure (£71K) for 2024-25. However, the Council's Commercial Team are working to enhance the service and secure new income streams. A four-month trial for third-party tipping at the Transfer Station will begin in November, which could yield extra income in the region of £40K.
- **Skips Income** – the skip hire market is proving extremely competitive, the current budgeted income of £31K is not likely to be achieved and there is a projected shortfall of £15K. No adjustments have been made to the 2024/25 budgets as this is treated as in year pressure. However, the Commercial Team continues to promote the service and is working to maximise the use of skips by departments within SBC.
- **Other variances** - a combination of small variances across the service.

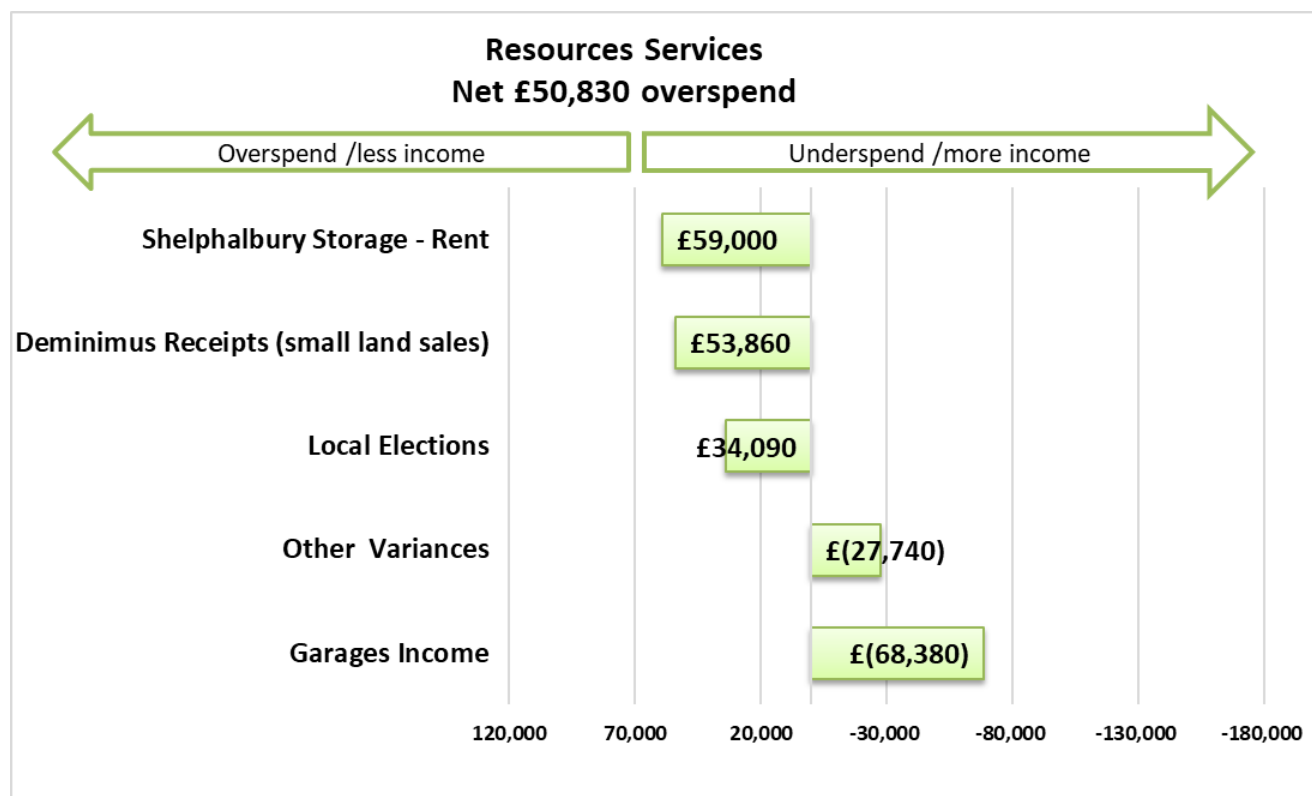
4.1.6 **Resources – Support Services** is forecasting an underspend and / or additional income for 2023/24 of £207,160 the analysis is reported below:



4.1.7 The areas relating to the Quarter two variance are made up of the following:

- **Shared Revenues & Benefits Service** – the most recent projection for the service indicates an in-year saving of £41K due to staffing turnover.
- **Corporate Policy Salaries** – reporting a projected in-year saving of £50K, due to turnover of staff and from the decision to appoint an apprentice to one of the existing vacancies, which is projected to achieve cost reduction of £24K. This saving will last for 21 months until the end of apprenticeship.
- **Customer Service Centre HRA Recharge** –The service’s costs are split between General and HRA services. Following changes to how some General Fund services can be accessed such as online and a review of the level of call traffic received there has been a shift of usage from 41:59 GF: HRA split, to a 34:66 ratio, increasing the charge to the HRA by £116K for 2023/24 and a compensating saving to the General Fund.

4.1.8 **Resources Services** is forecasting a reduction in income and / or increase in expenditure for 2023/24 of £50,830 analysis is reported below:



- **Shelphalbury Storage** – one of the Council’s 2023/24 Balancing the Budget options was to commercially let the depot. The lease agreement for the depot is being completed, with an anticipated commencement of rental income starting January 2024.
- **Deminimus Receipts** – the small land sales budget is unlikely to be achieved for 2023/24, with a number of disposals being in excess of £10K and therefore counted as capital receipts. This is a reactive budget and relies on resident enquires to achieve the budget.
- **Local Elections** – the estimated cost pressure of a single preceptor local election is approximately £34K after taking into account to a one-off new burdens grant received this year to assist with the implementation of voter ID. However, during years with combined elections, such as PCC and County, the costs will be distributed between the preceptors, keeping them within budget. An assessment will be conducted to determine the appropriate budget levels needed for the coming years.
- **Other variances** - a combination of small variances across the service.
- **Garages Income** – due to the repairs programme to void garages, digital lettings and the Garage Improvement Programme, the rental forecast has exceeded the budget target by £68K, with the void rate decreasing from 11.5% in the first quarter to 11% in the second quarter. Members should note the 2023/24 budget was reduced by £200K as a result of the asbestos identified in a small number of garages.

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4.1.9 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 £271K underspend based on the first two quarters.

Executive Delegation - General Fund	£'000
Original Net General Fund Budget	12,464
Changes agreed at Council July 23	150
Revised GF Budget agreed	12,614
2022/23 Adjustments	511
Quarterly monitoring Q1	(273)
Quarterly monitoring Q2	2
Updated GF Budget	12,854
Within Executive Delegated Limit	671

4.1.10 Other Pressures - **Pay inflation**. The budgeted pay award was based on 3% increase, however the employer side offer (agreed on the 1st October 2023) was higher at an average 5.6%, it is estimated that the additional cost will be in the region of £457K. As final calculations need to be made, this is not yet been added to the General Fund budgets projections but will be reported in full for quarter 3.

4.1.11 A budgetary risk within the Property Team may arise due to less work charged to capital, a consequence of staffing challenges and recruitment shortfalls. However, there is capacity in the 2023/24 programme to increase capital charges and achieve the budget target and no impact has been included at this time.

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 **£6,094,897** (31 March 2023, £5,556,446). During Quarter two, the following movement between reserves have been recommended.

Reserves	Q2 To Be Approved
Regeneration reserve	(62,520)
Town Centre Reserve	12,112
Insurance	6,440
Transformation reserve	(296,720)
ICT reserve	58,020
Total	(282,668)

*() represents movement to reserves

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- Regeneration – transfer to reserve is the latest phasing of expenditure for the year, based on Regeneration teams current work activity.
- Town Centre – to support the programme of events in the town centre over the year.
- Insurance – drawdown for the new insurance database system.
- Transformation – forecast transfer to reserve for the year based on the latest transformation activity profile for 2023/24.
- ICT reserve drawdown relates to the additional Cyber Security works and licences for the year and is matched by additional spend.

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 2nd quarter review the General Fund balance as at the 31 March 2024 is now forecast to be £5,043,741.

General Fund Balances	£'000
Original Net General Fund Budget	12,464
Approved budget changes	387
Net Working budget approved to Date	12,851
2nd Quarter Review	2
Total Net Expenditure post Q1 review	12,853
less core resources	(11,841)
Movement in core resources at Q1	(102)
Transfer (to)/from General Fund balances	910
General Fund balance 31/3/23	(5,954)
Transfer (to)/from General Fund balances	910
Projected General Fund balance 31/3/24	(5,044)
Allocated Revenue Reserves (Paragraph 4.2.1)	(6,095)
Total General Fund Revenue balances (estimated 31/3/24)	(11,139)

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 delivering on majority of the Balancing the Budget schemes.

4.3.2 **Amber schemes:** The projected underachievement for the year is £114K (68% of £167K target).

- The letting of Shephalbury depot (£64K), Bandle Hill and Pin Green play centres (£65K) are being finalised with anticipated delivery of income from January 2024.
- Filming income (£10k) has been impacted as a result of writers strikes.

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- Indoor Market’s increase in rents (from the fees and charges) will not be achieved due to reduced occupancy indicating 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 £6K with a £12K gap.

4.3.3 **Red schemes:** The saving scheme on decommissioning of eBase software application (£3K) has been delayed and the contract extended for another year.

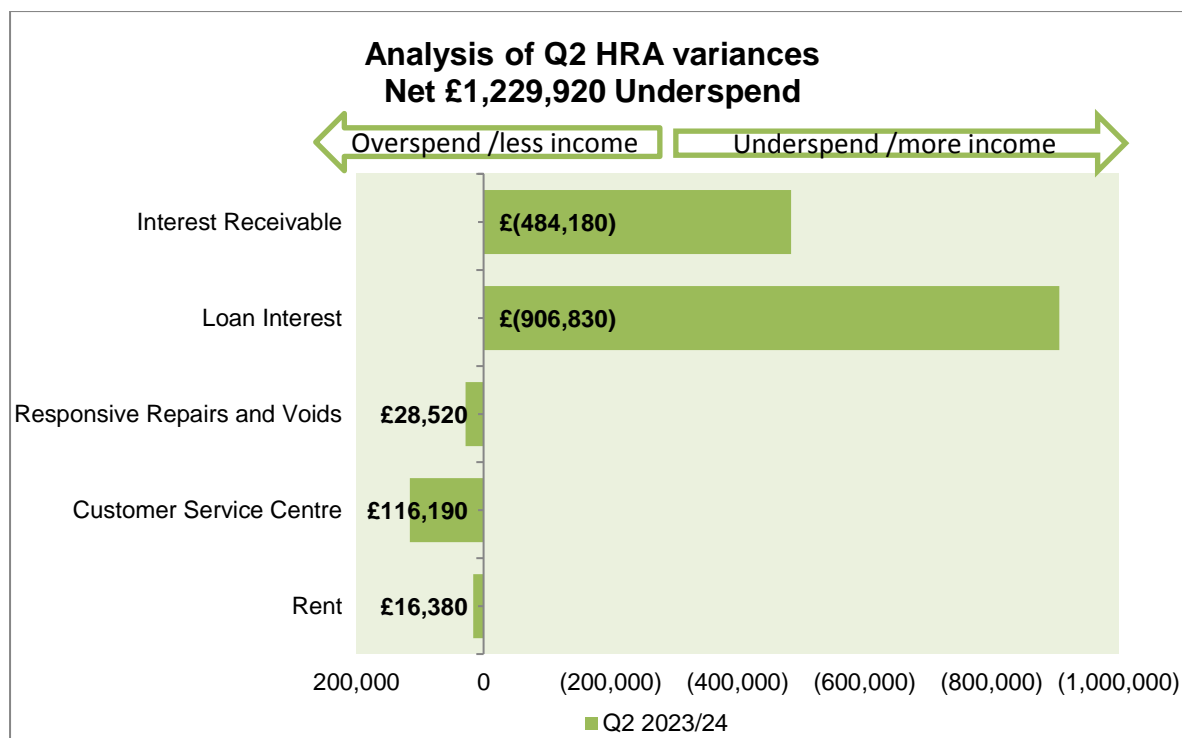
4.4 Housing Revenue Account

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 £1.071Million 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)
23/24 Q1 Net Projected Overspend	155
Total Working Budget	(721)

4.5 Housing Revenue Account - Budget Review

4.5.1 Following the 2nd quarter review of revenue budgets officers have identified and projected the following budget movements.



4.5.2 **Rent £16,380.** Current projections show a small net variance of £16K on rent income to the year end, based on total income of £45Million. There is a 91K expected increase in general need rents, mainly due to anticipated improvements to the current void property levels as a result of the current recovery programme. However, this has been offset by a slight timing change on the delivery of new affordable rent properties that has led to a £72K reduction in expected rent for this year. There is also an anticipated reduction in temporary accommodation rents of £35K, based on current occupancy and tenancy turnaround times.

4.5.3 **Customer Service Centre Costs £116,190.** As detailed in 4.1.7, there has been a review of the allocation of telephony costs between the General Fund and the HRA and this has resulted in a £116K increase. This is not an increase in total costs for the Council, but a reallocation of costs.

4.5.4 **Responsive Repairs and Voids £28,520.** To improve the security of the service’s vehicle fleet and materials stock, alarms have been installed costing £29K. This wasn’t budgeted but is considered good practice to deter any criminal activity.

4.5.5 **Loan Interest (£906,830).** When the budget was originally set it was anticipated that the HRA would take new loans from the start of 2023/24. However, in order to minimise interest costs some debt is now projected to be taken at the end of this financial year. This results in an in year £907K reduction on loan interest. The HRA Business Plan proposals, included in a separate report to this committee, provide a more comprehensive picture of the debt position for the HRA and show the borrowing position increasing over the coming years. This position will continue to be monitored and loans will be taken at the most preferential rates during this year.

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4.5.6 **Interest Receivable (£484,180).** The HRA is currently holding high levels of reserves to repay the first of the self-financing loans that are due in the next three years. These high balances, combined with the current high interest rates have resulted in increased investment income. The latest projection gives the HRA a further £484K of projected interest earned for 2023/24.

4.5.7 **Other Pressures -Pay inflation.** As reported for the General Fund at 4.1.10, the 2023/24 pay award was agreed on 1st October. It is estimated that the total additional cost will be in the region of £276K. As final calculations need to be made this is currently not included in the projections, but will be reported in full for quarter 3.

4.6 Housing Revenue Account Balances

4.6.1 Following the 2nd quarter review the HRA balance is now forecast to be £12.5Million. The HRA Business Plan report proposes carrying a higher level of minimum balances in the HRA, to help mitigate future financial risks and give the account greater resilience.

Housing Revenue Account Outturn Position	£'000
Working Budget – Executive 20th September 2023	(721)
2nd Quarter Net Projected Underspend	(1,230)
Projected net Surplus post 2nd Quarter review	(1,951)
HRA balance brought forward 1/4/23	(10,519)
Surplus in year	(1,951)
Projected HRA balance 31/3/2024	(12,470)
Remaining Executive Delegated Limit	1,475

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.

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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. The 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.

5. 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)

BD4 – 1st Quarter Revenue Monitoring Report - General Fund and Housing Revenue Account 2023/24 (Executive 20 September 2023)

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Meeting: EXECUTIVE
Portfolio Area: Resources
Date: 15 November 2023



QUARTERS 1 AND 2 CAPITAL BUDGET MONITORING REPORT 2023/24

KEY DECISION

Authors Belinda White
Contributors Rhona Bellis / Senior Leadership Team
Lead Officers Brian Moldon
Contact Officer Clare Fletcher

1. PURPOSE

- 1.1 To provide Members with an update on the Council's 2023/24 capital programme for Quarters 1 and 2.
- 1.2 To seek approval for the revisions to the General Fund and Housing Revenue Account (HRA) capital programmes.
- 1.3 To note the change in available resources to fund the capital programme.

2. RECOMMENDATIONS

- 2.1 That net budget increases of £447K be approved (2023/24 £316K, 2024/25 £131K), (see paragraph 4.4).
- 2.2 That reprofiling of £15.016Million from 2023/24 to 2024/25 be approved (see paragraph 4.5).
- 2.3 That Executive note the content of Appendix C 'Treasury Management Update Quarter Ended 30th June 2023. The 2021 Prudential Code and TM Code introduce a new requirement that monitoring of the treasury management indicators should be reported quarterly (along with the other prudential indicators) as part of the authority's general revenue and capital monitoring. Quarter 2 will be reported in the 2023/24 Mid-Year Treasury Management Review and Prudential Indicators report.

3. BACKGROUND

- 3.1 The 2023/24 original capital programme budget was approved by Council on 22 February 2023, General Fund £34.02Million and HRA £62.42Million.

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3.2 Quarterly revisions to the budgets are agreed by Members at Executive as part of the Council's Capital Monitoring process.

4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 The total Capital Programme, detailing all programmes with the relevant approval to spend, is detailed in Appendix A and B. It shows the revised budget position inclusive of carry forwards from 2022/23.

4.2 The capital budget for the current financial year is summarised in Table One below and provides the latest position reflecting updated programme expenditure profiles as advised by programme managers.

Table One	2023/24 £'000				2024/25 £'000	TOTAL £'000
	Q1 Working Budget	Actuals 23/24 Pd1 - Pd6	Q2 Revised Budget	Variance Q1 v Q2	Q2 Revised Budget	Q2 Revised Budget
Capital Programme						
General Fund Schemes						
SDS	£6,283	£776	£6,539	£256	£1,321	£7,860
Housing Development	£2,679	£125	£2,590	(£89)	£17,775	£20,366
Finance & Estates	£2,207	£151	£1,725	(£482)	£707	£2,432
Digital & Transformation	£602	£3	£602	£0	£104	£707
Regeneration	£18,501	£912	£12,532	(£5,969)	£21,587	£34,118
Communities & Neighbourhoods	£2,327	£1,319	£2,269	(£58)	£146	£2,415
Planning & Regulatory	£538	£16	£604	£67	£421	£1,025
Deferred Works Reserve	£1,346	£0	£1,279	(£67)	£230	£1,510
Total GF	£34,483	£3,302	£28,140	(£6,343)	£42,292	£70,432
HRA Schemes						£0
Housing Investment	£24,641	£7,400	£24,641	£0	£20,070	£44,712
Special Projects & Equipment	£26	£75	£48	£22	£25	£73
Housing Development	£28,799	£5,255	£20,420	(£8,379)	£43,565	£63,985
Digital & Transformation	£447	£14	£447	£0	£51	£498
Total HRA	£53,913	£12,744	£45,556	(£8,357)	£63,711	£109,267
Total Capital Programme	£88,396	£16,045	£73,696	(£14,700)	£106,003	£179,699
Increases				£316		
Slippage				(£15,016)		

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4.3 The overall changes between the Q1 Working Budget and the Q2 Revised Budget for 2023/24 to 2026/27 are as follows:

Table Two	2023/24	2024/25	TOTAL
Capital Variances	Variance	Variance	Variance
	Q1 v Q2	Q1 v Q2	Q1 v Q2
	£'000	£'000	£'000
General Fund Schemes			
SDS	£256	£0	£256
Housing Development	(£89)	£89	£0
Finance & Estates	(£482)	£522	(£40)
Regeneration	(£5,969)	£5,969	£0
Communities & Neighbourhoods	(£58)	£101	£43
Planning & Regulatory	£67	£131	£198
Deferred Works Reserve	(£67)	(£45)	(£112)
Total GF	(£6,343)	£6,768	£426
HRA Schemes			
Special Projects & Equipment	£22	£0	£22
Housing Development	(£8,379)	£8,379	£0
Total HRA	(£8,357)	£8,379	£22
Total Capital Programme	(£14,700)	£15,147	£447
Of which the net changes are	£316	£131	£447

4.4 The net changes in the budgets are an increase of £447K and are due to the reasons set out in Table 5 below.

Table Three: Budget changes		
Budget Change £	Year	Reason
Stevenage Direct Services		
180,883	2023/24	Garages Improvement Programme: increase funded from freeholder charges for works to sold garages
46,090	2023/24	New S106 allocation for Biodiversity Net Gain.
11,472	2023/24	Increase in actual cost of vehicles ordered versus estimate
17,950	2023/24	Essential works needed to keep weighbridge operational.
256,395		
Finance & Estates		
44,670	2024/25	Where MRC works are completed on sites where HRA flats are above neighbourhood shops a proportion is charged to the General Fund for the Commercial Properties element, this increase is based on the latest estimate from the programme.
(4,540)	2023/24	Net saving across a number of schemes, used to top up the Deferred Works Reserve
40,130		
Communities & Neighbourhoods		
12,030	2023/24	Additional grant received from the Lawn Tennis Association for Shephalbury Tennis Courts.

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Table Three: Budget changes		
Budget Change £	Year	Reason
(11,400)	2023/24	The actual capital investment required for the new Leisure contract is £11,440 lower than the £1.2Million budget
40,000	2023/24	Increase in costs for permanent colour changes in lighting the Clock Tower in the Town Square. Currently an external contractor is used to provide lighting for a short period (30 minutes) at cost of £300-£400 each time a lighting request is made by members or through a national request, in addition officer time outside of hours is required to be in attendance. The original budget was £25K. The current quote is being reviewed as it had limitations for the lighting the scope has increased to include more lights and the possibility of underwater lights as well. There service is trying to find a satisfactory scope vs quote balance.
2,000	2023/24	Increase in costs for the Community Safety mobile CCTV cameras.
42,630		
Planning& Regulatory		
25,400	2023/24	The report to Executive on the Proposed Development of the Forum of 15 March 2023 recommended that the capital receipt received as part of the development be used for car park improvements. This increase relates to improved CCTV for St Georges MSCP.
41,210	2023/24	Works relating to the grant received from the UK Shared Prosperity Fund, now included in the capital programme. A package of Neighbourhood improvements driven through the work of the Co-operative Neighbourhoods programme and influenced by engagement and involvement with over 3,500 residents and Informal Executive sessions. Capital funding would be utilised to support three key elements: •Uplifts and improvements to several Neighbourhood centres throughout Stevenage. •Uplifts and improvements to targeted walkways and pathways throughout Stevenage – through the addition of assets (such as bins, planters, benches etc) •A programme of street art projects designed to combat the current challenges around Graffiti in the town. These would be focused on
131,310	2024/25	Electrical cabinets and underpasses in the first instance.
197,920		
Use of Deferred Works Reserve		
(11,470)	2023/24	Net change from estimated costs of SDS vehicles.
(17,950)	2023/24	Essential works needed to keep weighbridge operational.
(44,670)	2024/25	Increase in MRC recharge for Commercial Properties Refurbs.
(2,000)	2023/24	Increase in costs for the Community Safety mobile CCTV cameras.
(40,000)	2023/24	Increase in costs for the permanent Lighting the Clock Tower in the Town Square.
4,540	2023/24	Top-up from net saving across a number of schemes.
(111,550)		
HRA Special Projects & Equipment		
21,900	2023/24	To replace stolen repairs and voids vans, funded by insurance claim.
21,900		
447,425	TOTAL	

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4.5 Reprofiting of budgets

4.5.1 Reprofiting of budgets are changes regarding the forecast timing of expenditure from the approved programme, between financial years, with no reported increase or decrease in budget requirement.

Table Four Slippage	2023/24 £'000	2024/25 £'000
Housing Development - General Fund	(£89)	£89
Finance & Estates	(£478)	£478
Regeneration	(£5,969)	£5,969
Communities & Neighbourhoods	(£101)	£101
Housing Development - HRA	(£8,379)	£8,379
Total	(£15,016)	£15,016

4.5.2 Housing Development – General Fund

This is a reprofiling of the Housing WOC budget, part of the total budget of £15Million available to lend to the WOC for new scheme opportunities. The current unallocated funding is being slipped to 2024/25.

4.5.3 Finance & Estates

Slippage of EPC Surveys and EPC Remedial Works budgets from 2023/24 into 2024/25, due to a longer timeframe for the work. The budgets are still required due to new legislation coming into force in a few years. All newly rented properties (both residential and commercial) must reach an EPC rating of 'C' or above by 2025. Any existing rented properties (both residential and commercial) must have an EPC rating of 'C' or above by 2028. In addition there is slippage due to actual versus forecast in the HRA MRC recharge for Commercial Properties Refurbishment, primarily due to Covid.

4.5.4 Regeneration

A report has been taken to the Stevenage Development Board and October Executive to reprofile the Towns Fund budgets. It includes the reprofiling the £4Million Stevenage Enterprise Centre and £2Million Stevenage Innovation & Technology Centre budgets from 2023/24 to 2024/25.

4.5.5 Communities & Neighbourhoods

Work delayed on the lift replacement at Stevenage Arts & Leisure Centre due to the initial tender being unsuccessful. The lift project tender submissions could not meet the timescale required as works need to be done when the theatre is closed between June and July. Procurement for a new lift is about to be published which will enable bidders to meet the timescale required. The revised plan included removing a stairlift from the original specification and procuring an elevator system which will be installed from floor 2 to 1 which will ensure access for users with mobility problems should the existing lift fail.

4.5.6 Housing Development – HRA

The profile of the Schemes Under Development budget has been changed to reflect a more realistic progress of major schemes including Brent Court Garages. This scheme is awaiting the final S106 agreement before commencement of works.

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4.5.7 Internal reallocation of budgets

Housing Investment budgets have been reallocated as per the following table.

Table Five Reallocations	2023/24 £'000	
Decent Homes Internal/External Works Voids	£467.5	Additional budget to support void property capital works. The one-off heating budget has also been moved and incorporated into this project.
Decent Homes Internal/One off Heating Works	(£175.0)	Budget not required incorporated into Decent Homes heating budget.
Decent Homes Electrical	£220.0	Additional budget to support works following the ongoing programme of electrical testing. In addition, the requirement to upgrade emergency lighting and install detection in homes.
MRC Flat Blocks - Wates	£800.0	A number of flat blocks have been brought forward in the programme to this year. This is to allow MRC works to be carried out at the same time as works under the Social Housing Decarbonisation Fund (SHDF).
Communal Heating	£80.0	Increase in the scope of work required. This is the final contract payment for this project originally planned to complete in 2022/23.
High Rises - Improvement Works	(£1,025.8)	The main phase of works is now due to commence in 2024/25. This will allow full consultation, detailed design work and procurement to take place. The budget has been re-allocated to bring forward other works which are required this year across various schemes.
Fire Safety	(£395.3)	This is to allow works to be completed in other areas of Building Safety & Compliance which sit against other budgets.
Stock condition Surveys	£28.6	To allow additional EPC data to be captured through the Stock condition survey. The volume of surveys has also been increased for this year.
Total	£0.0	

2023/24 Forecast and Expected Outcomes

4.6 Actual spend versus the budget

4.6.1 The actual spend of the capital programme at Quarter 2 was £16.045Million excluding some staff recharges which are still to be processed in the coming months. This represents 22% of the revised budget for 2023/24. The spend against the General Fund budget is 12% and the HRA budget 28%.

4.7 Service Updates

4.7.1 Stevenage Direct Services, spend to Quarter 2 is £776K or 11.9% of Revised 2023/24 Budget

- Play Areas and Peartree skatepark
These works will commence October following recruitment of a Project Officer.
- Streets & Grounds software
Implementing this system also requires new revenue budget of circa £50k per annum and this budget is still to be identified / agreed. The service is reviewing the business case for this project to try and achieve the necessary revenue funding.
- Cavendish fire protection – phase 2
There has been a delay in concluding the phase 1 works, which in turn has delayed the phase 2 works.
- Fleet
The service is experiencing longer lead in times for vehicles generally, which has impacted on spend in-year. However, this will not cause any operational issues.
- Garages Improvement Programme (GIP)
New interim contractor arrangement is now in place, for a further year until August 2024. Estates are now working on a revised garage strategy to follow on from this in September 2024. An underspend against the original budget agreed for the GIP is likely, which will be retained to deliver interim works until the future garage asset strategy is completed. The level of capital financing required going forwards needs to be established.

Forward thinking considerations:

- National Waste & Recycling Reforms
Following feedback from local authorities on earlier proposals, the Government has decided:
 - Councils won't have to put the reforms in place for households until April 2026
 - Councils will have a lot of flexibility over the number of bins they have to provide, reducing the need for changes that don't work locally; and
 - Councils can continue to charge for garden waste collection as at present.

The reforms will place the following obligations on local authorities in respect of households:

- Collecting food waste on a weekly basis separately from all non-organic waste
- Collecting garden waste where requested
- Collecting dry recycling (card and paper, glass, plastics and metal) separately from residual and organic waste – but with no requirement to collect these dry recycling streams separately from each other.
- Councils will, therefore, have to provide no more than three bins (with an optional addition for garden waste).

There will be funding for all of the above new burdens. Some of that funding will come from central government and some from EPR, but all EPR funding for new burdens will be in addition to EPR to fund the existing commitments of local authorities in collecting and disposing of packaging waste.

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4.7.2 Regeneration, spend to Quarter 2 is £912K or 7.3% of Revised 2023/24 Budget

The regeneration programme continues to progress with several of its larger schemes. Key areas of spend for Q2 onwards will include the Sports and Leisure hub subject to Executive approval in October, and the Public Sector Hub is moving into design stage as the team finalise the remaining procurements of technical expert support. There has been a certain amount of spend on the other Towns Fund related projects including the Cycling and Pedestrian (including arts and heritage trail) which has seen the delivery of a series of underpass improvements.

4.7.3 Housing Development, spend to Quarter 2 is £5.380Million or 23.4% of Revised 2023/24 Budget (HRA and GF)

- **HRA Budgets**

The service is fairly confident with the current year forecasts, with handover of 54 new homes taking place at Symonds Green and Kenilworth Close. The final phase of Kenilworth is expected to handover at the end of the financial year, and Dunn Close is expected early in 2024/25. Work is ongoing in terms of development of potential future schemes at the Brent Court Garages site, Ellis Avenue, Cartref and The Oval.

- **General Fund Budgets**

Current Year Forecasts on GF elements of Phase 1 of Kenilworth Close due to finish this financial year. An Executive Report regarding Phase 2 at Kenilworth Close is scheduled for November, so there may be updates to Kenilworth budgets in Q3 capital monitor report.

- **Capital Receipts**

Forecast capital receipts are largely on track, with the forecast receipt for Shephall View likely to be received in Q4 2023/24. Kenilworth Close HRA receipts are currently coming in, with over £800K received to date, and further sales progressing.

- **Other financing**

The grant application submitted to Homes England for £10.560Million for the Brent Court Garages scheme has been approved by Homes England.

4.7.4 Housing Investment, spend to Quarter 2 is £7.475Million or 30.3% of Revised 2023/24 Budget

- The service is still projecting full spend against the 2023/24 budget. The MRC and Decent Homes budgets are fully contractually committed and works on site.

- Work is progressing on the revised HRA Business Plan (HRA BP) which will lead to updates to the capital expenditure and financing for 2024/25 onwards.

4.7.5 Planning & Regulatory, spend to Quarter 2 is £16K or 2.7% of Revised 2023/24 Budget

The service is awaiting confirmation on how and when the car park budgets will be spent. The service anticipates they will at least be committed by year end, with the exception of the Workplace Travel Plan. This is being held in reserve for car park EV chargers in case a future funding bid fails so there is potential for this to slip.

4.7.6 Digital & Transformation, spend to Quarter 2 is £17K or 1.6% of Revised 2023/24 Budget (HRA and GF)

The IT Partnership budgets for the shared service with East Herts District Council are being reviewed. IT officers are revising the list of projects they are working on and their priorities and this will be updated in the Q3 capital monitor report.

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4.7.7 Communities & Neighbourhoods, spend to Quarter 2 is £1.319Million or 58.1% of Revised 2023/24 Budget

Capital investment funding of £1,188,596 for improvements to the leisure facilities and included within the new contract. The investment projects were completed by early September, highlights included new gym equipment and refurbishment of the gym areas. Refurbishment of the Theatre foyer area including a new relocated café and box office, reconfiguration of the bar servery, new flooring and large screen installations. Further investments include the new interactive golf system in the driving range, an LED light replacement programme. I.T equipment branding and signage. Other spends relates to landlord liabilities for leisure buildings.

4.7.8 Finance & Estates, spend to Quarter 2 is £151K or 8.8% of Revised 2023/24 Budget

Capital Financing

4.8 Table Six sets out the current financing position for the 2023/24 Capital Programme.

Table Six: Financing the Capital Programme 2023/24	Brought forward	Received in Year	Used in Year for capital financing	Used to repay ST borrowing	Available for Future Year Expenditure
	£000	£000	£000	£000	£000
General Fund and Locality Review Receipts	(£4,181)	(£5,745)	£9,305	£417	(£204)
Ring Fenced and SG1 Capital Receipts	(£2,714)	(£1,300)	£5,098	£0	£1,084
HRA Capital Receipts	(£7,553)	(£8,214)	£7,846	£0	(£7,921)
Towns Fund	£0	(£7,458)	£7,458	£0	£0
Other Grant & Contributions General Fund	£0	(£1,590)	£1,590	£0	£0
HRA Grants & Contributions	£0	(£4,266)	£4,266	£0	£0
General Fund Revenue Contributions	(£20)	(£677)	£697	£0	(£0)
HRA Revenue Contributions	£0	(£260)	£260	£0	£0
MRR	(£11,434)	(£13,808)	£13,048	£0	(£12,194)
Short Term Prudential borrowing	£0	(£302)	£302	£0	£0
Prudential borrowing	£0	(£23,826)	£23,826	£0	£0
Total	(£25,902)	(£67,446)	£73,696	£417	(£19,234)

4.9 CAPITAL RECEIPTS

4.9.1 General capital receipts – the forecast for receipts expected in 2023/24 has decreased by £269K to £4.130Million, and in 2024/25 has increased by £550K to £10.723Million, a net increase of £281K. Two of the garage site sales were at amber status in 2023/24 but have now been slipped to 2024/25. A risk adjustment is made for amber status and we assume only 50% of the receipt will be realised. A number of minor receipts from deeds of release and similar are also forecast totalling £71K in 2023/24.

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Table Seven: Capital Receipts	2023/24	2024/25
	£000	£000
Previous receipts forecast	(£4,399)	(£10,173)
Changes:		
Planned Housing Development Schemes	£0	£0
Garage Sales	£385	(£732)
Minor Receipts	(£71)	£0
Pre-sale costs & Risk Adjustment variations	(£45)	£182
Total Adjustments	£269	(£550)
REVISED RECEIPT	(£4,130)	(£10,723)

() denotes forecast income or an increase to the previous forecast

4.9.2 Locality Review Site Disposals –a pipeline of land disposals to maintain the resilience of the General Fund balance. The current position is detailed below and shows an overall increase of £120K of which £80K is in 2023/24, however it should be noted that of the eight sites included in the 2023/24 total, five have ‘Amber’ status and so have a Risk Adjustment (as with General Receipts, we assume only 50% receipt will be realised for amber status).

Table Eight: Locality Receipts	Previous Forecast	Revised Forecast	Variance
	£000	£000	£000
Year 2023/24	(£1,160)	(£1,240)	(£80)
Year 2024/25	£0	£0	£0
Year 2025/26	(£800)	(£1,150)	(£350)
Year 2026/27	£0	£0	£0
Year 2027/28	(£310)	£0	£310
TOTAL	(£2,270)	(£2,390)	(£120)

() denotes forecast income or an increase to the previous forecast

4.9.3 Forecast use of capital receipts are included in **Appendices A** and **B**. None of the General Fund forecast 2023/24 receipts have been received to date. There have been total HRA receipts so far in 2023/24 of £2.787Million, £1.533Million from Right To Buy sales and £1.254Million from sales at the Kenilworth housing development.

5. IMPLICATIONS

5.1 Financial Implications

5.1.1 Financial implications are implicit in the report.

5.2 Legal Implications

5.2.1 The Council has a statutory duty to arrange for the proper administration of its financial affairs and a fiduciary duty to taxpayers with regards to its use of and accounting for public monies. This report assists in the discharge of those duties.

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5.3 Equality and Diversity Implications

5.3.1 None directly arising from this report.

5.4 Risk Implications

5.4.1 Inflationary increases, particularly construction related are forecast to impact a number of the building programmes. Increasing cost of construction is being widely reported at every level, with materials and labour all increasing in price. The demand for construction materials is increasing as governments across the world try to revive and stimulate growth following Covid19 and the war in Ukraine. The supply of skilled construction labour is being impacted by both Covid and Brexit related challenges.

5.4.2 Supply chain delays are also being reported, with a potential impact on delivery timetables.

5.4.3 Work is underway to understand the impact on the delivery timelines and cost of, affected programmes. Updates will be provided as part of the Quarter 3 monitoring report. Where evidence indicates that a current year programme will cost more to deliver, options including the removal or reduction of existing approved programmes will be investigated.

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

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

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

5.5 Climate Change Implications

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

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

BACKGROUND DOCUMENTS

BD1 - Capital Strategy February 2023 (Council)

BD2 - Capital Outturn July 2023 (Executive)

BD3 - Regeneration Update (Station Gateway and SG1 Plot B) October 2023 (Executive)

Appendices

A - General Fund Capital Programme

B - HRA Capital Programme

C - Treasury Management Update - Quarter Ended 30th June 2023

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APPENDIX A - GENERAL FUND CAPITAL STRATEGY

Cost Centre	Scheme	2023/2024				2024/2025	2025/2026	2026/2027
		Q1 Working Budget	Actuals 23/24 Pd1 - Pd6	Q2 Revised Budget	Variance Q1 v Q2	Q2 Revised Budget	Q2 Revised Budget	Q2 Revised Budget
		£	£	£	£	£	£	£
	General Fund - Schemes							
	Stevenage Direct Services	6,282,657	775,865	6,539,060	256,403	1,321,000	261,000	0
	Housing Development	2,679,228	125,190	2,590,220	(89,008)	17,775,430	0	0
	Finance and Estates	2,207,185	151,008	1,725,000	(482,185)	707,080	0	0
	Digital & Transformation	602,326	3,100	602,330	4	104,220	0	0
	Regeneration	18,500,815	911,667	12,531,560	(5,969,255)	21,586,450	7,945,500	0
	Communities and Neighbourhoods	2,326,922	1,318,729	2,268,720	(58,202)	145,840	15,000	5,000
	Planning and Regulatory	537,457	16,069	604,020	66,563	421,310	0	0
	Deferred Works Reserve	1,346,319	0	1,279,440	(66,879)	230,332	0	0
	Total Schemes	34,482,909	3,301,628	28,140,350	(6,342,558)	42,291,662	8,221,500	5,000
	General Fund -Resources							
BG902	Capital Receipts	8,185,910		7,337,841	(848,069)	2,994,338	0	5,000
BG905	Ringfenced regeneration receipts	1,836,261		1,836,260	(1)	500,000		
	SG1 Receipts	3,236,806		3,262,170	25,364	5,510,270	545,500	
BG911	Locality Review receipts	1,160,000		1,239,600	79,600	0	276,000	
BG461	Towns Fund	13,427,748		7,458,490	(5,969,258)	15,076,180	7,400,000	0
BG461	Other Grants and other contributions	1,352,846		1,446,088	93,242	8,690,665		
BG862	S106's	0		46,090	46,090	0		
BG937	Community Infrastructure Levy (CIL)	97,500		97,500	0			
BG904	LEP	0		0	0	500,000		
	RCCO	0		180,879	180,879	0		
	Revenue Reserves	103,200		253,200	150,000	0		
BG903	Capital Reserve (Housing Receipts)	727,361		727,361	0	379,034		0
BG916	Capital Reserve (Revenue Savings)	20,000		20,000	0	0		
BG920	New Homes Bonus CNM	242,541		242,541	0	0		
	Prudential Borrowing Approved	3,790,720		3,690,320	(100,400)	2,450,250	0	0
	Short Term borrowing and funded from private sale	302,016		302,010	(6)	6,190,925	0	0
	Funding Gap	0		0	0	0	0	0
	Total Resources (General Fund)	34,482,909		28,140,350	(6,342,558)	42,291,662	8,221,500	5,000
		0		0	0	0	0	0

APPENDIX A - GENERAL FUND CAPITAL STRATEGY

Cost Centre	Scheme	2023/2024				2024/2025	2025/2026	2026/2027
		Q1 Working Budget	Actuals 23/24 Pd1 - Pd6	Q2 Revised Budget	Variance Q1 v Q2	Q2 Revised Budget	Q2 Revised Budget	Q2 Revised Budget
		£	£	£	£	£	£	£
BG902	General Funds Receipts							
	Unallocated B/fwd	(3,828,809)		(3,828,809)	0	(203,504)	(7,629,705)	(1,438,780)
	In Year Receipts	(4,398,816)		(4,129,968)	268,848	(10,722,550)	0	0
	Used in Year for capital financing	8,185,910		7,337,841	(848,069)	2,994,338	0	5,000
	Receipts Used to Repay ST Borrowing	417,432		417,432	0	302,010	6,190,925	0
	Used to repay loan			0	0			
	General Fund Receipts Unallocated C/fwd	375,717		(203,504)	(579,221)	(7,629,705)	(1,438,780)	(1,433,780)
BG911	Locality Review receipts							
	Unallocated B/fwd	0		0	0	0	0	(874,000)
	In Year Receipts	(1,160,000)		(1,239,600)	(79,600)	0	(1,150,000)	0
	Used in Year	1,160,000		1,239,600	79,600	0	276,000	0
	Receipts Unallocated C/fwd	0		0	0	0	(874,000)	(874,000)
BG905	Ringfenced regeneration receipts							
	Unallocated B/fwd	(3,097,895)		(3,097,895)	0	(1,261,635)	(761,635)	(761,635)
	In Year Receipts				0			
	Used in Year	1,836,261		1,836,260	(1)	500,000	0	0
	Reserve Unallocated C/fwd	(1,261,634)		(1,261,635)	(1)	(761,635)	(761,635)	(761,635)
	SG1 Receipts							
	Unallocated B/fwd	383,521		383,521	0	2,345,691	7,855,961	8,401,461
	In Year Receipts			(1,300,000)	(1,300,000)			(7,460,270)
	Used in Year	92,576		3,262,170	3,169,594	5,510,270	545,500	0
	Reserve Unallocated C/fwd	476,097		2,345,691	1,869,594	7,855,961	8,401,461	941,191
BG903 & BG9	Capital Reserve							
	Unallocated B/fwd	(372,081)		(372,081)	0	(1)	(0)	(382,824)
	In Year Resource	(375,280)		(375,280)	0	(379,033)	(382,824)	(386,652)
	Used in Year	747,361		747,361	0	379,034	0	0
	Capital Reserve Unallocated C/fwd	(1)		(1)	0	(0)	(382,824)	(769,476)

APPENDIX A - GENERAL FUND CAPITAL STRATEGY



Cost Centre	Scheme	2023/2024				2024/2025	2025/2026	2026/2027
		Q1 Working Budget	Actuals 23/24 Pd1 - Pd6	Q2 Revised Budget	Variance Q1 v Q2	Q2 Revised Budget	Q2 Revised Budget	Q2 Revised Budget
		£	£	£	£	£	£	£
	Stevenage Direct Services							
	Parks & Open Spaces							
KC218	Hertford Road Play Area (S106 Funded)	25,000		25,000	0	0	0	0
KE911	Play Area Improvement Programme	555,330		555,330	0	0	0	0
KE329	Play Areas Fixed Play	9,473		9,470	(3)	0	0	0
KE494	Green Space Access Infrastructure	202,135	55,171	202,140	5	128,000	128,000	0
KE916	Peartree skate park	40,000		40,000	0	0	0	0
	Other							
KG002	Garages	3,311,687	642,387	3,492,570	180,883	0	0	0
KS263	Waste and Recycling System	24,161	5,614	24,160	(1)	0	0	0
KE520	Welfare improvements at out based hubs	10,000		10,000	0	0	0	0
KE542	Flat block waste management infrastructure	29,035	10,310	29,040	5	0	0	0
KE543	Shrub bed programme	132,483		132,480	(3)	133,000	133,000	0
KE544	Review of Biodiversity Action Plan	12,000	4,905	12,000	0	0	0	0
KE545	Cemeteries System	12,115		12,120	5	0	0	0
KE946	BNG Chells Park/Canterbury Way PF (19/00485/FPM)			46,090	46,090			
	Vehicles,Plant,Equipment							
KE497	Trade Waste Containers	20,000		20,000	0	0	0	0
Various	Vehicle/Plant replacement Programme - see Appendix 'A1	1,097,438	23,062	1,108,910	11,472	1,060,000	0	0
KE920	Memorial Tree for Weston Road Cemetery	23,200		23,200	0	0	0	0
KE921	Improvement works to Hampson Park depot	40,000	1,331	40,000	0	0	0	0
KE922	Additional Headstone Plinths - Weston Road Cemetery	10,300	12,989	10,300	0	0	0	0
KE923	Pothole repairs Weston Road Cemetery	3,800	4,662	3,800	0	0	0	0
KE924	Improvements to Welfare facilities Weston Road Cemetery	10,000	12,976	10,000	0	0	0	0
KE925	Repair closed church wall St Nicholas church	30,000		30,000	0	0	0	0
KE926	roof residual waste bay Cavendish Transfer Station	150,000	299	150,000	0	0	0	0
KE927	Thermal Image Cameras	80,000	647	80,000	0	0	0	0
KE928	Ph2 fire protection works Cavendish	350,000	1,512	350,000	0	0	0	0
KE929	Digital system fleet and workshop operation	20,000		20,000	0	0	0	0
KE930	Digital system streets and grounds services	56,000		56,000	0	0	0	0
KE931	Digital system play area inspections/managment	16,500		16,500	0	0	0	0
KE932	Digital book of remembrance	2,000		2,000	0	0	0	0
KE933	Asset Management system	10,000		10,000	0	0	0	0
KE491	Weighbridge Improvement works			17,950	17,950			
	Total Stevenage Direct Services	6,282,657	775,865	6,539,060	256,403	1,321,000	261,000	0

APPENDIX A - GENERAL FUND CAPITAL STRATEGY

Cost Centre	Scheme	2023/2024				2024/2025	2025/2026	2026/2027
		Q1 Working Budget £	Actuals 23/24 Pd1 - Pd6 £	Q2 Revised Budget £	Variance Q1 v Q2 £	Q2 Revised Budget £	Q2 Revised Budget £	Q2 Revised Budget £
	Housing Development Scheme (Joint GF/HRA)							
KG035	Kenilworth - Community Centre	648,682		648,680	(2)	574,900	0	0
KG036	Kenilworth - private sale (Malvern Close & Blocks A3&A6)	1,037,044	125,190	1,037,040	(4)	14,750,280	0	0
KG037	North Road	293,502		293,500	(2)	0	0	0
Various	Housing Development Schemes (Joint GF/HRA)	1,979,228		1,979,220	(8)	15,325,180	0	0
KG038	Marshgate Wholly Owned Housing Development Company (WOC)	700,000		611,000	(89,000)	2,450,250	0	0
	Total Housing Development (including grants to Registered	2,679,228	125,190	2,590,220	(89,008)	17,775,430	0	0
	Finance & Estates							
	Estates							
KS278	New Management Software	66,075	9,555	66,080	5	0	0	0
KR916	Commercial Properties Refurbishment (MRC Programme)	315,022	19	29,470	(285,552)	330,220	0	0
KR150	Works to improve vacant premises prior to re-letting	41,140	7,165	41,140	0	15,000	0	0
KR155	EPC Surveys	89,619	930	2,000	(87,619)	87,620	0	0
KR156	EPC remedials	124,466	9,530	20,000	(104,466)	199,240	0	0
KR157	Building condition and Insurance valuation Survey	127,594	44,676	127,590	(4)	0	0	0
KS279	Upgrade Integra	66,000	8,086	66,000	0	0	0	0
	Community Centres							
KE529	Community Centres Urgent and H&S Works	29,700	698	29,700	0	0	0	0
KE553	Bedwell CC - Replace extract fans and electric heaters	0	43	40	40	0	0	0
KR163	Chells manor - lightning upgrade	10,000		10,000	0	0	0	0
KR164	Timebridge Community Centre flooring	20,000		20,000	0	0	0	0
	Neighbourhood Centres							
KE554	Bedwell Neighbourhood centre canopy repairs	12,042	229	12,040	(2)	0	0	0
KE555	8-10 The glebe roof replacement	29,350	25,648	29,350	(0)	0	0	0

APPENDIX A - GENERAL FUND CAPITAL STRATEGY



Cost Centre	Scheme	2023/2024				2024/2025	2025/2026	2026/2027
		Q1 Working Budget	Actuals 23/24 Pd1 - Pd6	Q2 Revised Budget	Variance Q1 v Q2	Q2 Revised Budget	Q2 Revised Budget	Q2 Revised Budget
		£	£	£	£	£	£	£
	Estates cont.							
	Depots							
KE526	Cavendish Fire Protection works formerly know as Depots: Urgent and H&S Works	0	1,145		0			0
KE527	Depots: Planned Preventative Works (reroof)	279,281	18,174	279,280	(1)	0	0	0
KR161	Cavendish Depot IT/CCTV gas suppression works	0	56	60	60	0	0	0
KR165	Cavendish Road reception access enhancement	15,000	10,360	10,360	(4,640)	0	0	0
KR166	Cavendish Road manhole covers	50,000	9	50,000	0	0	0	0
KR167	Cavendish Road penstock valve	50,000	114	50,000	0	0	0	0
	Other							
KE558	MSCP resurface worn stairwell floor	79,915	64	79,920	5	0	0	0
KE536	Multi Storey Car Park - Installation of emergency lighting	183,728		183,730	2	75,000	0	0
KR162	Fairlands valley farmhouse roofing works	0	364	0	0	0	0	0
KE559	MSCP / Indoor Market guttering	30,000		30,000	0	0	0	0
KR168	Indoor Market roller shutter	9,000	4	9,000	0	0	0	0
KR169	MSCP replacement fuse boards	8,000		8,000	0	0	0	0
	Council Offices							
KR151	Daneshill: Urgent and H&S Works	92,250	13,170	92,250	(0)	0	0	0
	Operational Buildings							
KR152	BTC 2019/20 Backlog H&S Works	27,934		27,930	(4)	0	0	0
KR153	BTC Urgent and H&S Works	65,783		65,780	(3)	0	0	0
KR154	BTC Planned Preventative Works	190,284	970	190,280	(4)	0	0	0
KR170	BTC Essential works - Replace / upgrade doors, Lighting and	195,000		195,000	0	0	0	0
	Total Finance & Estates	2,207,185	151,008	1,725,000	(482,185)	707,080	0	0
	Corporate Projects, Customer Services & Technology							
	IT General							
KS268	Infrastructure Investment	461,997	3,100	462,000	3	104,220	0	0
KS318	Core ICT Equipment for Additional Staff	90,009		90,010	1	0	0	0
KS319	2012 Migration Servers	20,000		20,000	0	0	0	0
	Total IT General	572,006	3,100	572,010	4	104,220	0	0
	Connected to Our Customer (CTOC)							
KS271	Corporate Website - Redesign	0			0			
KS274	New CRM Technology	30,320		30,320	0	0	0	0
	Total CTOC	30,320	0	30,320	0	0	0	0
	Total Corporate Projects, Customer Services & Technology	602,326	3,100	602,330	4	104,220	0	0

APPENDIX A - GENERAL FUND CAPITAL STRATEGY



Cost Centre	Scheme	2023/2024				2024/2025	2025/2026	2026/2027
		Q1 Working Budget	Actuals 23/24 Pd1 - Pd6	Q2 Revised Budget	Variance Q1 v Q2	Q2 Revised Budget	Q2 Revised Budget	Q2 Revised Budget
		£	£	£	£	£	£	£
	Regeneration							
KE505	Demolition of Towers Garages and other sites (GD1)	92,576		92,580	4	0	0	0
KE439	Town Square Improvements (GD1)	0		0	0	0	0	0
KE451	SQ1 Regeneration	0		0	0	0	0	0
KE466	Bus Interchange (GD3)	0	(31,912)	0	0	0	0	0
KE533	Multi Storey Car Park (GD3) 'Sustainable Transport'	0	2,963	0	0	0	0	0
KE506	Public Sector Hub	1,836,261	103,807	1,836,260	(1)	0	0	0
KE541	Railway Station Multi-Storey Car Park	0	(406,576)	0	0	0	0	0
	Repay LEP Loan				0	1,000,000	0	0
	SG1 Joint Venture	3,144,230		3,144,230	0	5,510,270	545,500	
Various	Towns Fund	13,427,748	1,243,385	7,458,490	(5,969,258)	15,076,180	7,400,000	0
	Total Regeneration	18,500,815	911,667	12,531,560	(5,969,255)	21,586,450	7,945,500	0
	Community & Neighbourhoods							
KC202	Fairlands Valley Park - Aqua	5,820		5,820	0	0	0	0
KC235	Boat house as essential H&S works for dry rot	0	135	140	140	0	0	0
KE507	Cycleways Installations (subject to £100k Arts Council grant)	10,000		10,000	0	0	0	0
KC232	SALC and the Swim Centre Urgent and H&S Works	159,671	25,768	132,530	(27,141)	0	0	0
KC231	SALC, Swim Centre, and Fairlands Valley Sailing Centre	19,862	168	19,860	(2)	0	0	0
KC233	Stevenage Arts & Leisure Water leak - Reroofing	18,919	59	18,920	1	0	0	0
KC242	SLL Leisure management - end of contract capital provision	150,000	11,265	150,000	0	0	0	0
KC236	Ridlins Athletics	0	1,863	0	0	0	0	0
KC237	Fire stopping works at SALC	72,897	16,181	99,900	27,003	0	0	0
KC238	Lift replacement at SALC	130,838	3,401	30,000	(100,838)	100,840	0	0
KC239	Replacement bridge at Golf Centre & other bridge works	80,000	21,823	80,000	0	0	0	0
KC240	Replacement Camera programme	33,915	31,357	33,920	5	40,000	10,000	0
KC241	ASB team mobile camera			0	0	0	0	0
KC052	Shephalbury Park	2,500	14,532	14,530	12,030	0	0	0
KC236	Ridlins Athletics	85,000		85,000	0	0	0	0
KE917	Ridlins Athletics Facility	10,000		10,000	0	0	0	0
KC243	New Leisure Contract	1,200,000	1,188,596	1,188,600	(11,400)	0	0	0
KC245	Equipment replacement at Fairlands Valley Sailing Centre	35,000	3,113	35,000	0	0	0	0
KC246	Aqua Park - Rubber crumb surface replacement	35,000	429	35,000	0	0	0	0
KC247	Lighting of clock tower - permanent install	25,000		65,000	40,000	0	0	0
KC248	Stock condition survey Leisure sites	150,000	37	150,000	0	0	0	0
KC249	CCTV Mobile camera replacement for Community Safety	5,000		7,000	2,000	5,000	5,000	5,000
KC244	Community Infrastructure Projects	97,500		97,500	0	0	0	0
	Total Community & Neighbourhoods	2,326,922	1,318,729	2,268,720	(58,202)	145,840	15,000	5,000

APPENDIX A - GENERAL FUND CAPITAL STRATEGY



Cost Centre	Scheme	2023/2024				2024/2025	2025/2026	2026/2027
		Q1 Working Budget £	Actuals 23/24 Pd1 - Pd6 £	Q2 Revised Budget £	Variance Q1 v Q2 £	Q2 Revised Budget £	Q2 Revised Budget £	Q2 Revised Budget £
	Planning & Regulatory							
KE119	Off Street Car Parks (Multi Storey Car Parks)	199,953	1,113	199,950.00	(3)	175,000	0	0
KE470	Electric Car Charging Points	134,598		134,600.00	2	0	0	0
KE530	Car Park Equipment - Digitalisation	20,000		20,000.00	0	0	0	0
KE201	Hard standings	45,383	3,665	45,380.00	(3)	25,000	0	0
KE100	Residential Parking	302		300.00	(2)	0	0	0
KE217	Parking Restrictions	16,265	6,985	16,270.00	5	15,000	0	0
KE444	Coreys Mill Lane - Additional Parking Capacity	20,554	166	20,550.00	(4)	0	0	0
KE486	CCTV St George's MSCP			25,360.00	25,360			
KE531	Workplace Travel Plan	40,402	4,140	40,400.00	(2)	15,000	0	0
KE569	Cashless on street parking transition	60,000		60,000.00	0	60,000	0	0
KC916	Street Scene UKSPF			41,210	41,210	131,310		
	Total Planning & Regulatory	537,457	16,069	604,020.00	66,563	421,310	0	0
KR911	Deferred Works Reserve	1,346,319		1,279,440.00	(66,879)	230,332	0	0

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APPENDIX B - HOUSING CAPITAL STRATEGY



Cost Centre	Scheme	2023/2024				2024/2025	2025/2026	2026/2027	2027/2028
		Q1 Working Budget	Actuals 23/24 Pd1 - Pd6	Q2 Revised Budget	Variance Q1 v Q2	Q2 Revised Budget	Q2 Revised Budget	Q2 Revised Budget	Q2 Revised Budget
		£	£	£	£	£	£	£	£
	SUMMARY								
	Capital Programme Excl New Build (Housing Investment)	24,641,337	7,400,194	24,641,340	3	20,070,410	21,429,000	18,063,000	3,060,000
	Special Projects & Equipment	25,548	74,860	47,450	21,902	25,000	1,141,000	1,141,000	
	New Build (Housing Development)	28,799,339	5,255,022	20,420,310	(8,379,029)	43,564,700	12,304,030		
	Digital & Transformation	446,838	13,722	446,830	(8)	51,330			
	TOTAL HRA CAPITAL PROGRAMME	53,913,062	12,743,798	45,555,930	(8,357,132)	63,711,440	34,874,030	19,204,000	3,060,000
	HRA USE OF RESOURCES								
BH930	MRR (Self Financing Depreciation)	15,733,512		13,048,316	(2,685,196)	29,023,470	20,112,133	10,215,530	1,820,522
BH902	New Build Land Receipts	3,336,000		3,335,999	(2)	-	2,100,000	3,225,938	
BH901	(RTB) new Build provision	9,227,857		3,533,708	(5,694,149)	12,137,824	4,403,068	-	-
BH903	Debt Provision Receipts	975,881		975,881		1,058,398	1,101,985	1,147,062	1,239,478
BH906	Section 20 Contribution	1,612,976		1,612,976		567,636			
	Borrowing	20,135,483		20,135,483		9,185,681			
	S106	-		-					
BH906	Developer Contributions (Kenilworth)	-		-					
	Revenue Contribution to Capital	238,070		260,285	22,215	10,380,676	7,156,844	4,615,470	
BH905	Grant	2,653,283		2,653,283		1,357,755			
	TOTAL HRA RESOURCES FOR CAPITAL	53,913,062		45,555,930	(8,357,132)	63,711,440	34,874,030	19,204,000	3,060,000
	Major Repair Reserve Bought Forward (BH930)	(11,434,080)		(11,434,080)		(12,193,852)	2,521,531	7,825,576	2,733,018
	Depreciation (increasing MRR)	(13,808,088)		(13,808,088)		(14,308,088)	(14,808,088)	(15,308,088)	(15,808,088)
	MRR Used (decreasing MRR)	15,733,512		13,048,316	(2,685,196)	29,023,470	20,112,133	10,215,530	1,820,522
	Major Repair Reserve Carried Forward	(9,508,655)		(12,193,852)	(2,685,196)	2,521,531	7,825,576	2,733,018	(11,254,547)
	Total RTB Receipts Bought Forward	(7,552,758)		(7,552,758)		(7,921,042)	(5)	2,099,998	729,753
	Total RTB Receipts Received	(8,213,871)		(8,213,871)		(5,275,185)	(5,505,050)	(5,743,244)	(6,192,999)
	Receipts used for GF Registered Providers								
	Repayment of One for One Receipts & Interest								
	Debt Provision Receipts Used for Provision of Interest on Repaid One for One Receipts								
	Total RTB Receipts Used HRA	13,539,738		7,845,588	(5,694,151)	13,196,222	7,605,053	4,373,000	1,239,478
	Total RTB Receipts Carried Forward	(2,226,892)		(7,921,042)	(5,694,151)	(5)	2,099,998	729,753	(4,223,768)

APPENDIX B - HOUSING CAPITAL STRATEGY



Cost Centre	Scheme	2023/2024				2024/2025	2025/2026	2026/2027	2027/2028
		Q1 Working Budget	Actuals 23/24 Pd1 - Pd6	Q2 Revised Budget	Variance Q1 v Q2	Q2 Revised Budget	Q2 Revised Budget	Q2 Revised Budget	Q2 Revised Budget
		£	£	£	£	£	£	£	£
	CAPITAL PROGRAMME EXCL. NEW BUILD								
	Planned Investment including Decent Homes								
KH157	Decent Homes - Redecs		236						
Various	Decent Homes - Internal/External Works	3,055,000	944,046	3,567,500	512,500	6,750,000			
Various	Decent Homes External Works								
KH299	Insulation Measures								
Various	Decent Homes - Roofing								
Various	Decent Homes - Flat Blocks	9,200,000	3,389,373	10,000,000	800,000	2,000,000			
KH205	Communal Heating		18,910	80,000	80,000				
KH092	Lift Installation - Inspection & Remedial Works								
KH287	Temporary Lift Provision - Flat Blocks								
KH291	Sprinkler Systems - Flat Blocks								
KH294	High Rises - Preliminary Works	1,130		1,130	(0)				
KH321	High Rises - Improvement Works	1,860,763	36,325	835,000	(1,025,763)	1,750,000			
Future Year	New Schemes to be created					215,260			
	Health & Safety								
KH085	Fire Safety	3,000,000	318,159	2,604,670	(395,330)	500,000			
KH317	Additional fire stopping works					959,620			
KH112	Asbestos Management	281,193	81,322	281,190	(3)	300,000			
KH114	Subsidence	100,000	40,489	100,000		100,000			
KH144	Contingent Major Repairs	350,000	142,457	350,000		500,000			
KH327	Building safety					980,000	980,000	980,000	350,000
	Estate & Communal Area								
KH223	Asset Review - Challenging Assets	790,968	129,780	790,970	2	857,770			
KH224	Asset Review - Sheltered (non RED)		112,856						
	Other HRA Schemes								
KH318	Stock condition Surveys	96,405	58,380	125,000	28,595	80,000	60,000	60,000	60,000
KH174	Energy Efficiency Pilot Projects		1,849,459			420,000			
KH319	Decarbonisation	4,888,193		4,888,190	(3)	2,300,000	2,300,000	2,300,000	2,300,000
KH320	Decarbonisation								
KH329	Decarbonisation - Grant					1,310,940			
KH094	Disabled Adaptations	872,685	278,401	872,690	5	650,000			
KH328	Increased Aids & Adaptations budget					350,000	350,000	350,000	350,000
KH330	CCTV	145,000		145,000					
KH331	Digitalisation					46,820			
	New Business Plan expenditure						17,739,000	14,373,000	
	TOTAL CAPITAL PROGRAMME EXCL. NEW BUILD	24,641,337	7,400,194	24,641,340	3	20,070,410	21,429,000	18,063,000	3,060,000
	SPECIAL PROJECTS & EQUIPMENT								
	HRA Equipment								
KH015	Capital Equipment (including Supported Housing Equip)	25,548	51,960	25,550	2	25,000	1,141,000	1,141,000	
KH278	Vans for RVS		22,900	21,900	21,900				
	Sub Total Special Projects & Equipment	25,548	74,860	47,450	21,902	25,000	1,141,000	1,141,000	

APPENDIX B - HOUSING CAPITAL STRATEGY



Cost Centre	Scheme	2023/2024				2024/2025	2025/2026	2026/2027	2027/2028
		Q1 Working Budget	Actuals 23/24 Pd1 - Pd6	Q2 Revised Budget	Variance Q1 v Q2	Q2 Revised Budget	Q2 Revised Budget	Q2 Revised Budget	Q2 Revised Budget
		£	£	£	£	£	£	£	£
	CAPITAL PROGRAMME NEW BUILD								
	New Build Programme - eligible for 1-4-1	17,213,304	2,013,842	8,834,270	(8,379,034)	43,131,340	12,304,030		
	New Build Programme - ineligible	11,586,036	3,241,180	11,586,040	4	433,360			
KH233	Open Market Acquisitions (4 units in 20/21)	930,790	1,129,547	930,790					
KH233	Open Market Acquisitions (4 units in 20/21) (Ineligible 141)	4,150,000		4,150,000					
KH244	Twin Foxes		390						
KH245	March Hare in Burwell Road (15 Units)		60,900						
KH247	Kenilworth Close (105 units) (Ineligible 141)	7,436,036	3,219,703	7,436,040	4	433,360			
KH247	Kenilworth Close 1 for 1 Expenditure (61.8%)	469,186		469,190	4				
KH280	Symonds Green	200,000	(40,071)	200,000					
KH279	Shephall Way		(430)						
KH282	North Road (Ineligible 141)		9,621						
KH303	Dunn Close (27 units, 21 in main block, supported accommodation)	1,750,000	284,404	1,750,000		752,310			
	Schemes Under Development	13,863,328		5,484,290	(8,379,038)	42,379,030	12,304,030		
KH072	L.S.S.O. Buy Back		11,856						
	TOTAL CAPITAL PROGRAMME NEW BUILD	28,799,339	5,255,022	20,420,310	(8,379,029)	43,564,700	12,304,030		
	INFORMATION TECHNOLOGY								
	IT General (IT)								
KH268	Infrastructure Investment	185,513		185,510	(3)	51,330			
KH315	Core ICT Equipment for Additional Staff	40,004		40,000	(4)				
KH316	2012 Migration Servers	12,870		12,870					
	Total General IT	238,386		238,380	(6)	51,330			
	Connected To Our Customers (CTOC)								
KH288	New CRM Technology (Digital Platform)	82,383	13,722	82,380	(3)				
	Total CTOC	82,383	13,722	82,380	(3)				
	Housing All Under One Roof programme (HAUOR)								
KH283	Housing Improvements - Northgate online	126,069		126,070	2				
	Total HAUOR	126,069		126,070	2				
	TOTAL ICT INCLUDING DIGITAL AGENDA	446,838	13,722	446,830	(8)	51,330			

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Treasury Management Update

Quarter 1 Period Ended 30th June 2023

The 2021 Prudential Code and TM Code introduce a new requirement that monitoring of the treasury management indicators should be reported quarterly (along with the other prudential indicators) as part of the authority's general revenue and capital monitoring.

Key Prudential and Treasury Indicators for 2023-24 as of 30th June 2023

Prudential and treasury indicators	2023/24 TMMS 2023- 24 Original £m	2023/24 Q1 Budget £m
Capital expenditure		
GF	34	31
HRA	62	54
Total	96	85
Capital Financing Requirement:		
GF	55	46
HRA	293	285
Total	348	331
Annual change in CFR		
GF	3	9
HRA	26	8
Total	29	17
In year borrowing requirement		
GF	3	4
HRA	25	20
Total	31	24
Gross borrowing	292	289
Investments	15	45
Net borrowing	277	244

Authorised limits	HRA 2023/24 £m	GF 2023/24 £m
Authorised limit	305	86
Operational boundary	293	70
Gross external debt	233	2
Financing costs as a % of net revenue stream as at 30.6.23	17%	6%

Maturity structure of debt	30.6.23 Actual £'000
Within 1 Year	0
Over 1 not over 2 years	500
Over 2 not over 5 years	26,026
Over 5 not over 10 years	64,700
Over 10 not over 15 years	100,663
Over 15 not over 20 years	37,658
Over 20 not over 30 years	5,510
Over 30 years	0
Total Debt	235,057

INVESTMENT PORTFOLIO	30.6.23 Actual £000	30.6.23 Actual %
Treasury investments – all managed in house		
Banks and Building Societies	25,950	58%
Local authorities	2,300	5%
Money Market Funds	16,675	37%
Total treasury investments	44,925	100%

Non-Treasury investments		
Subsidiaries	11,938	100%
Total Non-Treasury Investments	11,938	100%
Total of all Investments	57,863	100%

Maturity structure of investment portfolio	30.6.23 Actual £000
Within 1 Year	43,625
Longer than 1 year	14,238
Total Investments	57,863

Investment Portfolio

Investments held as of 30th June 2023 compared to our counterparty list:

Type of Investment/Deposit	Reference no.	Counterparty	Issue Date	Maturity Date	Nominal	Current Interest Rate	Call Notice Period	Details of structured product	Other information
<i>Use dropdown list</i>	<i>Optional</i>		<i>dd/mm/yyyy</i> <i>(If Call or MMF, leave blank)</i>	<i>dd/mm/yyyy</i>	<i>Enter in £</i>	<i>Enter as number and not as a %</i>	<i>Enter as a number</i> <i>(If instant access, leave blank)</i>	<i>(If applicable)</i>	<i>(If required)</i>
		10			£44,925,000.00				
Money Market Fund		MMF CCLA			£8,125,000.00	5.2360			
Call account		Santander UK PLC			£1,000,000.00	4.0800	60.0000		
Call account		Standard Chartered Bank			£7,000,000.00	5.2384	95.0000		
Fixed Term Deposit		Landesbank Hessen Thueringen (Helaba)	18/01/2023	18/07/2023	£3,000,000.00	4.0600			
Fixed Term Deposit		Australia & New Zealand Banking Corp (ANZ)	28/12/2022	27/12/2023	£5,000,000.00	4.7800			
Fixed Term Deposit		Bury M.B.C	18/05/2020	18/11/2024	£2,300,000.00	2.0000			
Fixed Term Deposit		Goldman Sachs International	30/05/2023	29/09/2023	£3,300,000.00	4.7400			
Fixed Term Deposit		Goldman Sachs International	14/04/2023	16/10/2023	£6,000,000.00	4.7400			
Money Market Fund		Aberdeen Standard			£8,550,000.00	4.5700			
Fixed Term Deposit (ESG)		HSBC Bank	30/06/2023	03/07/2023	£650,000.00	4.7800			

Approved countries for investments as of 30th June 2023

Based on lowest available rating

AAA

- Australia
- Denmark
- Germany
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Canada
- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)

AA-

- Belgium
- France (downgraded by Fitch on 9th May 2023)
- Qatar
- **U.K.**

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**AUDIT COMMITTEE-E/
EXECUTIVE / COUNCIL**

Portfolio Area: Resources

Date: 8 November 2023 / 15 November
2023 / 20 December 2023



2023/24 MID YEAR TREASURY MANAGEMENT REVIEW AND PRUDENTIAL INDICATORS

NON-KEY DECISION

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

1 PURPOSE

1.1 To update Members on the Treasury Management activities in 2023/24 and review effectiveness of the 2023/24 Treasury Management and Investment Strategy including the 2023/24 prudential and treasury indicators.

2 RECOMMENDATIONS

2.1 Audit Committee

That subject to any comments by the Audit Committee to the Executive, the 2023/24 Mid-Year Treasury Management Review and Prudential indicators reports is 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 2023/24 Mid-Year Treasury Management Review and Prudential indicators report is recommended to Council for approval.

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2.3 Council

That subject to any comments from the Audit Committee and the Executive, 2023/24 Mid-Year Treasury Management Review and Prudential indicators report be approved by Council.

3 BACKGROUND

3.1.1 The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low-risk counterparties, providing adequate liquidity initially before considering optimising investment return.

3.1.2 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer-term cash may involve arranging long or short-term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

Accordingly, treasury management is defined as:

“The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

3.1.3 This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2021). The primary requirements of the Code are as follows:

- Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
- Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
- Receipt by the full Council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Mid-year Review Report and an Annual Report, (stewardship report), covering activities during the previous year.
- Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.

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- Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is Audit committee.

3.1.4 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;
- the implications for future financial sustainability.

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

3.1.5 This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:

- An economic update for the first half of the 2023/24 financial year;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council's capital expenditure, as set out in the Capital Strategy, and prudential indicators;
- A review of the Council's investment portfolio for 2023/24;
- A review of the Council's borrowing strategy for 2023/24;
- A review of compliance with Treasury and Prudential Limits for 2023/24.

3.2 Economics and interest rates

3.2.1 Economics update.

3.2.2 The first half of 2023/24 saw:

- Interest rates rise by a further 100basis points, taking Bank Rate from 4.25% to 5.25%.
- Short, medium and long-dated gilts remain elevated as inflation continually surprised to the upside.
- A 0.5% month by month decline in real GDP in July.
- CPI inflation rose by 6.7% in the 12 months to September 2023, the same rate as in August, and down from a recent peak of 11.1% in October 2022.

3.2.3 The yield on 10-year Gilts fell from a peak of 4.74% on 17th August to 4.44% on 29th September, mainly on the back of investors revising down their interest rate expectations. But even after their recent pullback, the rise in Gilt yields has exceeded the rise in most other Developed Market government yields since the start of the year. Looking forward, once inflation falls back, Gilt yields are set to reduce further.

3.2.4 Interest Rate Forecasts

3.2.5 The Council has appointed Link Group as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates. The PWLB

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rate forecasts below are based on the Certainty Rate* (the standard rate minus 20 bps, calculated as gilts plus 80bps) which has been accessible to most authorities since 1st November 2012.

3.2.6 The latest forecast on 25th September sets out a view that short, medium and long-dated interest rates will be elevated for some little while, as the Bank of England seeks to squeeze inflation out of the economy.

Chart 1

Link Group Interest Rate View	25.09.23												
	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
BANK RATE	5.25	5.25	5.25	5.00	4.50	4.00	3.50	3.00	2.75	2.75	2.75	2.75	2.75
3 month ave earnings	5.30	5.30	5.30	5.00	4.50	4.00	3.50	3.00	2.80	2.80	2.80	2.80	2.80
6 month ave earnings	5.60	5.50	5.40	5.10	4.60	4.10	3.60	3.10	2.90	2.90	2.90	2.90	2.90
12 month ave earnings	5.80	5.70	5.50	5.20	4.70	4.20	3.70	3.20	3.00	3.00	3.00	3.00	3.00
5 yr PWLB	5.10	5.00	4.90	4.70	4.40	4.20	4.00	3.90	3.70	3.70	3.60	3.60	3.50
10 yr PWLB	5.00	4.90	4.80	4.60	4.40	4.20	4.00	3.80	3.70	3.60	3.60	3.50	3.50
25 yr PWLB	5.40	5.20	5.10	4.90	4.70	4.40	4.30	4.10	4.00	3.90	3.80	3.80	3.80
50 yr PWLB	5.20	5.00	4.90	4.70	4.50	4.20	4.10	3.90	3.80	3.70	3.60	3.60	3.60

* Certainty Rate reduction HRA – 0.6% is not included above

4 Treasury Management Strategy Statement and Annual Investment Strategy Update

4.1.1 The Treasury Management Strategy was approved by council on 23 February 2023. There are no policy changes to the TMSS; the details in this report update the position in the light of the updated economic position and budgetary changes already approved.

4.2 The Council’s Capital Position (Prudential Indicators).

4.2.1 This part of the report is structured to update:

- The Council’s capital expenditure plans and how these plans are being financed;
- The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
- Compliance with the limits in place for borrowing activity.

4.2.2 Prudential Indicator for Capital Expenditure and changes to Financing of the Capital Programme.

4.2.3 The table below shows the revised estimates for capital expenditure and financing and the changes since the capital programme was agreed at the Budget. The borrowing element of the table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision). This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

Table 1 Capital Expenditure and Financing			
	Original Capital Strategy (Council February 2023)	Revised Capital Strategy Q2	Movement¹
	£'000	£'000	£'000
Capital Expenditure:			
General Fund Capital Expenditure	34,017	28,140	(5,877)
HRA Capital Expenditure	62,420	45,556	(16,864)
Total Capital Expenditure	96,437	73,696	(22,741)
Financed by:			
Capital Receipts	(22,090)	(22,249)	(159)
Capital Grants /Contributions	(20,212)	(13,314)	6,898
Capital Reserves	(1,733)	(20)	1,713
Revenue contributions	(592)	(937)	(345)
Major Repairs Reserve	(20,755)	(13,048)	7,707
Total Financing	(65,382)	(49,568)	15,814
Borrowing requirement	31,055	24,128	(6,927)

4.2.4 The General Fund net reduction of £5.877Million includes:

- Slippage of £10.456Million of the Housing Development budgets
- Budget increases of £4.578Million – including, £1.302Million in Regeneration, with Towns Fund slippage netted off by the addition of the SG1 Joint Venture.
- The increase in the Deferred Works Reserve of £1.079Million resulted from slippage from 2022/23 and will be used to fund any increase in programme costs or for priority works that arise in year.
- The remaining increase is split across services, predominantly as a result of new grants that have been successfully bid for.

4.2.5 The HRA net reduction of £16.864Million is due to slippage of the Housing Development budgets.

4.3 Changes to the Prudential Indicators for the Capital Financing Requirement (CFR), External Debt and the Operational

4.3.1 The table below shows the CFR, which is the underlying external need to incur borrowing for a capital purpose. It also shows the expected debt position over the period, which is termed the Operational Boundary.

¹ This movement differs from that reported in the quarterly Capital Monitoring reports as that report uses the latest budget rather than the original as a comparator.

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Prudential Indicator – Capital Financing Requirement and the Operational Boundary for external debt.

Table 2	2023/24 Original Estimate Council February 2023 £'000	Current Position £'000	2023/24 Revised Estimate Mid- Year £'000
CFR – non housing	55,035	45,850	52,769
CFR – housing	292,842	284,673	284,673
Total CFR	347,877	330,523	337,442
Net movement in CFR			(10,435)
Prudential Indicator – the Operational Boundary for external debt			
Borrowing ³	292,121	248,118	269,118
Other long-term liabilities ²	15,000	10,945	10,945
Total debt (year-end position)	307,121	259,063	280,063

4.3.2 Details relating to changes in the capital strategy that are reflected in the net movement in CFR of £10Million, can be found in Quarters 1 and 2 Monitoring Report (Capital) to the September 2023 Executive meeting.

4.4 Limits to Borrowing Activity

4.4.1 The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2023/24 and next two financial years.

4.4.2 A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

² Finance Leases

³ The majority of the borrowing relates to the HRA and the self-financing payment to HM treasury

Table 3 Authorised limits	Operational Boundary ³ £'000	Authorised Limit £'000	Actual External Debt 30/09/2023 £'000
General Fund	55,035	56,035	14,886
Housing WOC	15,000	15,000	0
Finance Lease		15,000	10,945
Total General Fund	70,035	86,035	25,831
HRA	292,842	304,841	233,231
Total Debt	362,876	390,876	259,062
CFR (year-end position)			337,442

4.4.3 A temporary breach of the operational boundary is permissible for short term cash flow purposes however a breach of the authorised limit would require a report to Council. There have been no breaches of either limit in the period for 2023/24.

4.5 Borrowing

4.5.1 The Council's capital financing requirement (CFR) for 2023/24 is £337Million. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing), or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. Table 3 shows the Council has borrowings of £259Million and has utilised £78Million of cash flow funds in lieu of borrowing (Current CFR less total current debt). This is a prudent and cost-effective approach in the current economic climate but will require ongoing monitoring in the event that any upside risk to gilt yields prevails.

4.5.2 Capital programme is being kept under regular review due to the effects of inflationary pressures, shortages of materials and labour. The Council borrowing strategy will, therefore, also be regularly reviewed and then revised, if necessary, in order to achieve optimum value and risk exposure in the long-term.

4.5.3 External borrowing of £7.5Million from the PWLB was taken out 24 August 2023 for a period of 17 years at 5.3%. This funding replaced internal borrowing used to fund the HRA and did not increase the overall CFR for the HRA.

4.5.4 It is anticipated that further borrowing will be undertaken during the financial year in line with financing in table 1 above.

4.5.5 Gilt yields and PWLB certainty rates were on a generally rising trend throughout the first half of 2023/24. At the beginning of April, the 5-year rate was the cheapest part of the curve and touched 4.14% whilst the 25-year rate was relatively expensive at 4.58%.

4.5.6 Rates are forecast to fall back over the next two to three years as inflation dampens. The CPI measure of inflation is expected to fall below 2% in the second half of 2024, and 50-year rates are expected to stand at 3.90% by the end of September 2025. However, there is considerable gilt issuance to be

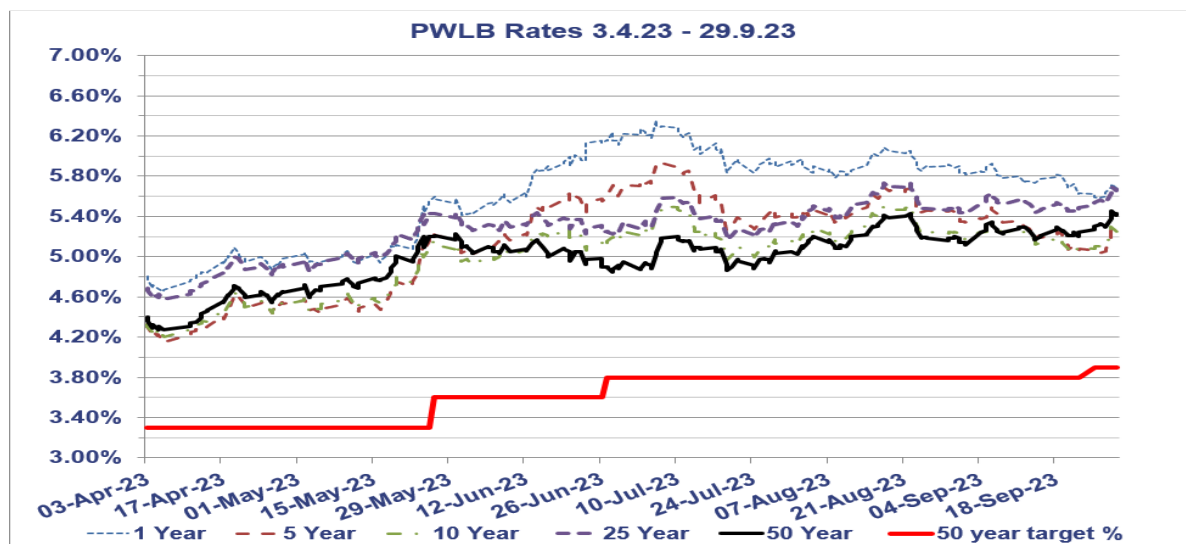
³ Operational Boundary = expected debt position

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digested by the market over the next couple of years, as a minimum, so there is a high degree of uncertainty as to whether rates will fall that far.

4.5.7 The Chart below shows the volatility of the PWLB borrowing rates from 1 April 2023 to 29 September 2023.

Chart 2



4.6 Compliance with Treasury and Prudential Limits

4.6.1 It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the half year ended 30 September 2023 the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 2023/24. The Chief Finance Officer reports that no difficulties are envisaged for the current or future years in complying with these indicators.

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

4.7 Annual Investment Strategy

4.7.1 The Treasury Management Strategy Statement (TMSS) for 2023/24, which includes the Annual Investment Strategy, was approved by the Council on 23 February 2023. 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

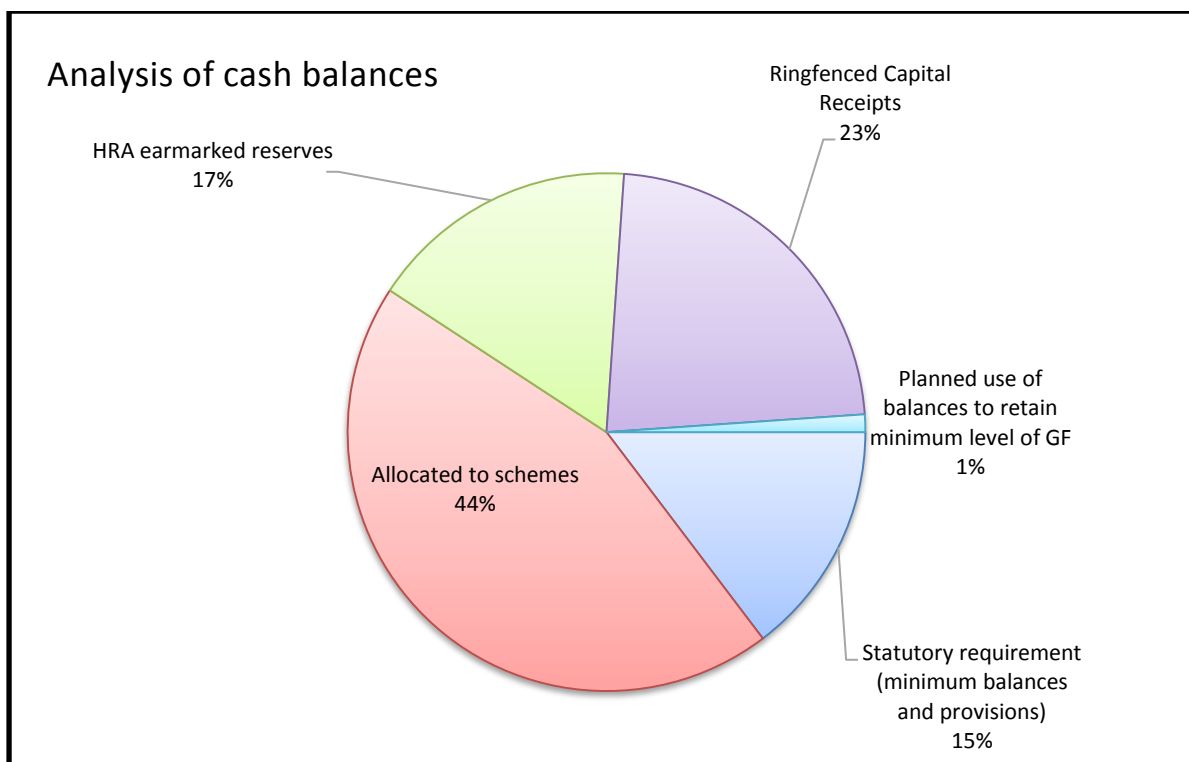
4.7.2 The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite.

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- 4.7.3 There were no breaches to this policy in the year to 30 September 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 2023/24 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.
- 4.7.4 The Specified and Non-Specified Investment Criteria (Appendix C) have been reviewed and updated in the Treasury Management Strategy 2023/24 which was agreed at Full Council in February 2023 and no further amendments are proposed at this stage.
- 4.7.5 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.

4.8 Investment performance year to date as of 30 September 2023

- 4.8.1 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. Currently no investments have been made with any of the other approved instruments within the Specified and Non-specified Investment Criteria (see Appendix C).
- 4.8.2 The average level of funds available for investment purposes during the first half of the financial year was £48.5Million, earning an average interest rate of 5.27%. Interest earned to 30 September 2023 was £1.6Million. Projected investment balances at 31 March 2024 are currently £38Million and forecast external interest receivable from investments is currently £2.1Million against a working budget of £1.404Million, contributing to General Fund (£379k) and Housing Revenue Account revenue income (£1.025Million).
- 4.8.3 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 and debt repayment.
- 4.8.4 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.
- 4.8.5 The following chart shows the planned use of cash balances as at 30 September 2023.



4.8.6 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 £45Million as at 30 September 2023 is not available for new expenditure (for details see Appendix B).

5 IMPLICATIONS

5.1 Financial Implications

5.1.1 This report is of a financial nature and reviews the treasury management function for 2023/24 to date. 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 where 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 remain. As these conditions change the Council may need to take borrowing at higher rates which would increase revenue costs.
- 5.3.2 There remains uncertainty on the long-term implications of exiting the EU on the UK economy and borrowing rates. Officers monitor interest rate forecasts to inform the timing of borrowing decisions.
- 5.3.3 The Council's Treasury Management Strategy is based on limits for counterparties to reduce risk of investing with only a small number of institutions.
- 5.3.4 The thresholds and time limits set for investments in the Strategy are based on the relative ratings of investment vehicles and counter parties. These are designed to take into account the relative risk of investments and also to preclude certain grades of investments and counterparties to prevent loss of income to the Council.
- 5.3.5 There is a risk to the HRA BP's ability to fund the approved 30 year spending plans if interest rates continue to rise. Mitigation is included in the revision to the BP (2023), including requiring higher levels of reserves to be maintained in the medium term to cover interest rate risks.

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 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 Councils ambition to attempt to be carbon neutral by 2030.

BACKGROUND PAPERS

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- BD1 Treasury Management Strategy including Prudential Code Indicators 2023/24 (Council 23 February 2023)
- BD2 Quarters 1 and 2 Monitoring Report (Capital) (Executive 15 November 2023)

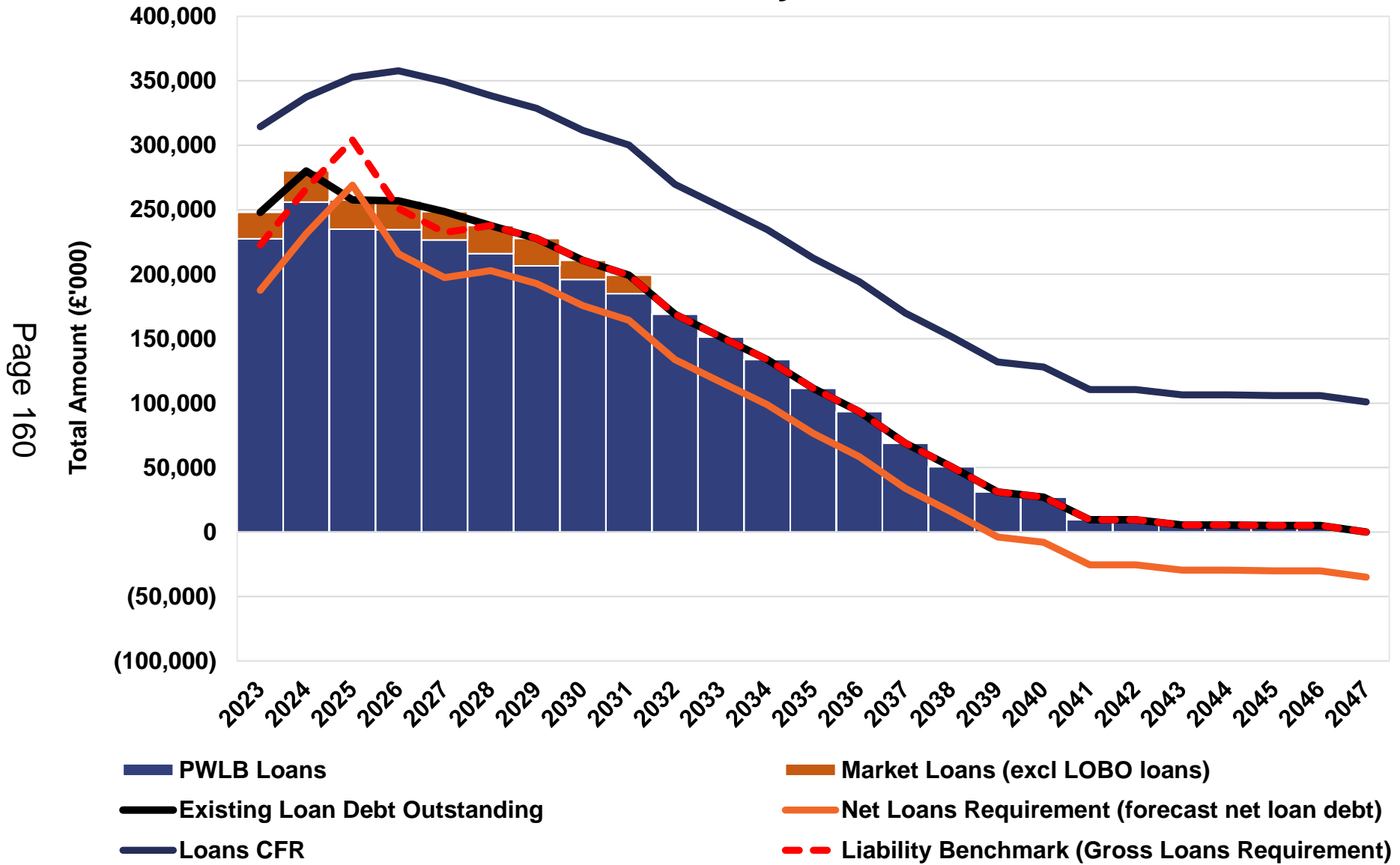
APPENDICES

- Appendix A Prudential Indicators
- Appendix B Investment Portfolio
- Appendix C Counterparty List 30 September 2023

Comparison of borrowing parameters to actual external borrowing.

	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Financial Year End	2	3	4	5	6	7	8	9
	2023	2024	2025	2026	2027	2028	2029	2030
PWLB Loans	227,487	255,987	234,987	234,487	226,487	216,031	206,431	195,831
Market Loans (excl LOBO loans)	20,487	24,076	22,734	22,384	22,025	21,657	21,280	14,844
Existing Loan Debt Outstanding	247,974	280,063	257,721	256,871	248,512	237,688	227,712	210,675
Opening Loan Debt	246,980							
Less: opening treasury investments	(68,750)	(43,285)	(26,384)	(46,788)	(60,702)	(35,000)	(35,000)	(35,000)
Plus: planned prudential borrowing	9,460	27,635	18,542	9,633	9,585	0	0	0
Less: MRP & Capital Receipts set aside	(89)	(1,004)	(3,129)	(4,696)	(8,359)	(10,824)	(9,977)	(17,036)
+/- other forecast cashflows								
Net Loans Requirement (forecast net loan debt)	187,601	231,321	269,093	215,870	197,394	202,688	192,712	175,675
Opening Loans CFR	304,947							
Plus: planned Prudential Borrowing	9,460	24,128	18,542	9,633				
Less: MRP & Capital Receipts set aside	(89)	(1,004)	(3,129)	(4,696)	(8,359)	(10,824)	(9,977)	(17,036)
Loans CFR	314,318	337,442	352,855	357,793	349,434	338,610	328,633	311,597
Liquidity allowance above net debt (liquidity buffer)	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Liability Benchmark (Gross Loans Requirement)	222,601	266,321	304,093	250,870	232,394	237,688	227,712	210,675
Forecast Investments	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
(Over)/Under Liability Benchmark	(25,373)	(13,743)	46,371	(6,001)	(16,118)	0	(0)	0

Liability Benchmark



	Country	Institution	Instrument Type	Start	Maturity	Yield	Principal
	AUS	Australia and New Zealand Banking Group Ltd.	Fixed Term Deposit	28/12/2022	27/12/2023	4.78%	£5,000,000
							£5,000,000
	GBR	Goldman Sachs International Bank	Fixed Term Deposit	14/04/2023	16/10/2023	4.74%	£6,000,000
		Santander UK PLC	Call (60 Day Notice)			4.58%	£1,000,000
		Standard Chartered Bank	Call (95 Day Notice)			5.47%	£7,000,000
		Lloyds Bank Corporate Markets Plc (NRFB)	Fixed Term Deposit	06/07/2023	05/01/2024	5.98%	£5,000,000
		Lloyds Bank Corporate Markets Plc (NRFB)	Fixed Term Deposit	19/07/2023	19/01/2024	5.88%	£3,000,000
		Landesbank	Fixed Term Deposit	05/09/2023	03/09/2024	5.96%	£3,000,000
		Landesbank	Fixed Term Deposit	29/09/2023	02/01/2024	5.93%	£2,500,000
		Bury Metropolitan Borough Council	Fixed Term Deposit	18/05/2020	18/11/2024	2.00%	£2,300,000
							£29,800,000
	MMF	MMF Aberdeen	Money Market Fund			5.15%	£8,880,000
		MMF CCLA	Money Market Fund			5.02%	£903,000
		MMF Morgan Stanley	Money Market Fund			5.13%	£261,867
							£10,044,867
	Total						£44,844,867

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

2023/24 Treasury Management Strategy

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	Maximum duration as per Treasury Advisor's (Capita's) colour coded Credit List, and less than one year
	Notice Account	Part-nationalised or Nationalised UK banking institutions (subject to regular reviews of government share percentage).	
	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 (Capita'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	Cash balances higher than £30Million
	Limits	Limits
Variable Rate Investments (Excluding Enhanced Cash Funds)	Maximum holding £30M	Maximum holding 100%
Counterparty limits (to encompass all forms of investment)	Maximum £5M	Maximum £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	
Certificates of Deposits	Maximum £5M	
Property Funds	Maximum of £3M - No durational limit. Use would be subject to consultation and approval	

Procedures of Applying the Criteria and Limits

Before the Treasury Team makes an investment, the Team will follow the follow procedure to ensure full compliance with the Specified and Non-Specified Criteria and Treasury Limits:

1 Check that the Counterparty is on the Counterparty List (also known as Current Counterparty Report for Stevenage) produced by Link 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.

Part 1 – Release to Press

Meeting EXECUTIVE
Portfolio Area RESOURCES
Date 15 November 2023



BALANCING THE BUDGET OPTIONS 2024/25

KEY DECISION

Authors Clare Fletcher | Brian Moldon
Contributor Senior Leadership Team
Lead Officers Clare Fletcher | 2933
Contact Officer Clare Fletcher | 2933

1. PURPOSE

- 1.1 To update Members on the Balancing the Budget, Future Town Future Council stream and the 2024/25 options.
- 1.2 To update Members on the General Fund core resource projections.
- 1.3 To propose a range of General Fund (GF) and Housing Revenue Account (HRA) budget options to be incorporated in the 2024/25 Revenue Budget Process.
- 1.4 To update Members on the General Fund balances as a result of proposed Fee income, Balancing the Budget options and growth and service pressures for 2024/25 onwards.

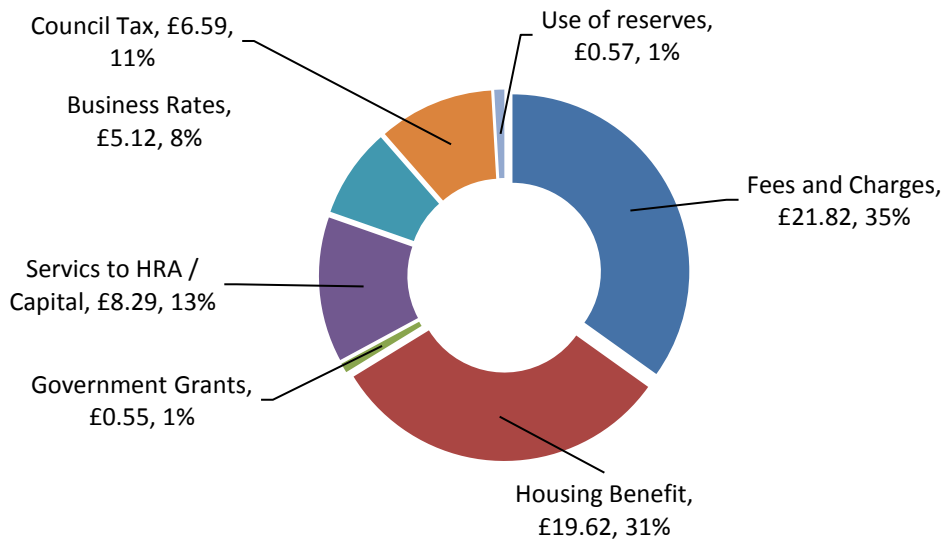
2. RECOMMENDATIONS

- 2.1 The Balancing the Budget options as set out in the report, totalling £1,223,851 (saving) for the General Fund and £77,134 HRA respectively for 2024/25 be approved and incorporated into the Council's budget setting processes.
- 2.2 The Growth options included in section 4.6.2 be approved for inclusion (subject to the savings shortfall being identified) in the 2024/25 General Fund (£131,710) and HRA (£46,960) budgets.
- 2.3 That members approve £40K for the costs associated with implementation of the Balancing the Budget options within the 2023/24 budgets as set out in paragraph 4.9.4 with the GF and HRA sharing the costs 50:50.
- 2.4 The revised GF MTFS financial summary, as shown in section 4.11 to this report be noted.
- 2.5 Members delegate the completion of the Business rates for 2024/25 (NDR 1) to the Strategic Director (S151) after consultation with the Resources and Transformation Portfolio holder (paragraph 4.3.4 refers).
- 2.6 Members agree the increase in the two Planning Fees as detailed in paragraph 4.9.3 and amounts to an additional £1,500 income.
- 2.7 That the Council's recognised unions be consulted regarding the proposed budget package.
- 2.8 That key partners and other stakeholders be consulted, and their views considered as part of the 2024/25 budget setting process.

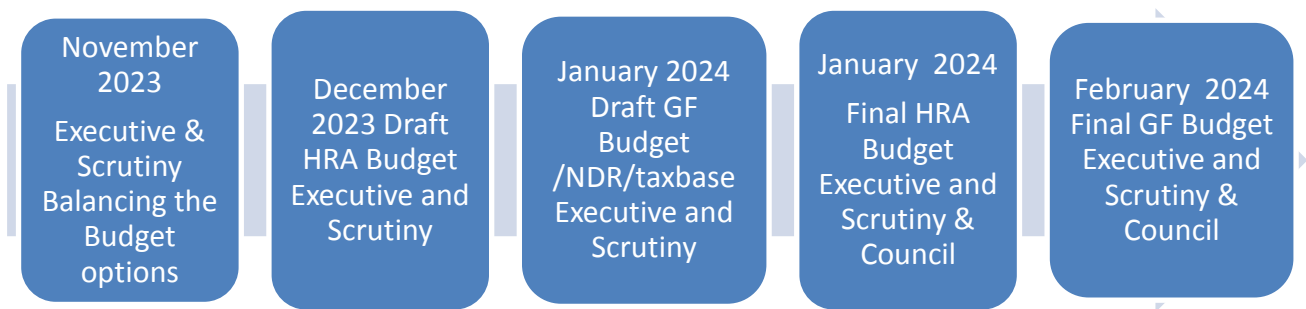
3. BACKGROUND

- 3.1. This report follows on from the Medium Term Financial Strategy (MTFS) that went to Executive in September 2023. This highlighted the continual financial pressures coming out of COVID pandemic, much higher inflationary pressures from utilities and fuel following the Russian invasion of Ukraine and the ensuing cost of living crisis. On top of this, the Council has seen 13 years of funding cuts.
- 3.2. The Chancellor will set out on the 22 November the UK's tax and spending plan (Autumn Statement 2023), which will set out further details on the government's fiscal rules. This will lead on to the provisional settlement and consultation due to be released around the first or second week of December.
- 3.3. The original 2023/24 Stevenage Borough Council (SBC) General Fund net budget of £12.46Million (gross £62.6Million) is funded as set out below.

General Fund Income £63Million



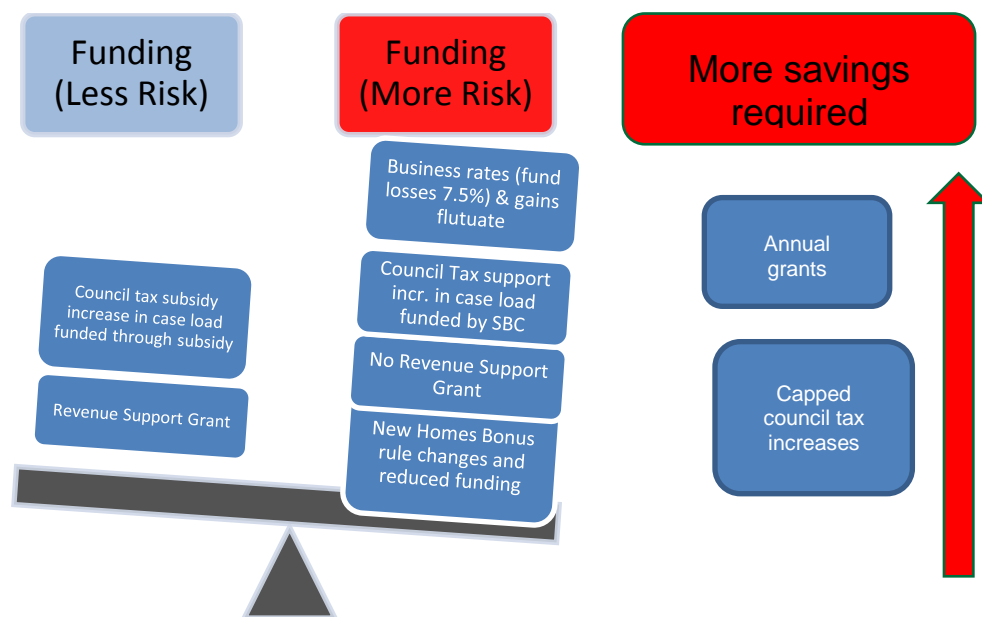
- 3.4. The 2023/24 budget still included COVID related pressures related to income loss (£720K) and additional costs (£100K) totalling £820K. The current MTFS (September 2023) assumptions are pressure of £520K in 2024/25 and then down to £120K in 2025/26 relating to income losses.
- 3.5. A one year budget setting approach has been adopted for a number of years and again for 2024/25 due to the continual pressure on councils to find savings, largely driven by inflationary pressures and minimal funding increases. The Council has been focusing more on Transformation and the Co-operative Commercial insourcing (with the latest strategy going to Executive in October 2023) to look for delivery of future years savings in order to minimise service cuts.
- 3.6. The budget setting timetable dictates that 2024/25 pressures and savings are approved by Members at this stage ahead of the budget setting process. It is the CFO's view that unidentified budget targets should not be included in the 2024/25 budget and options must be put forward for Member consideration to meet any identified gap. This is important as it allows Members to compare the relative priority of all options for approval. The level of risk for the General Fund from continued high inflation, would mean that unidentified savings targets would not be a prudent measure and the General Fund's would be basing spending decisions on unknown and unapproved savings options that may not be identified or delivered.
- 3.7. The budget setting timetable is as set out below.



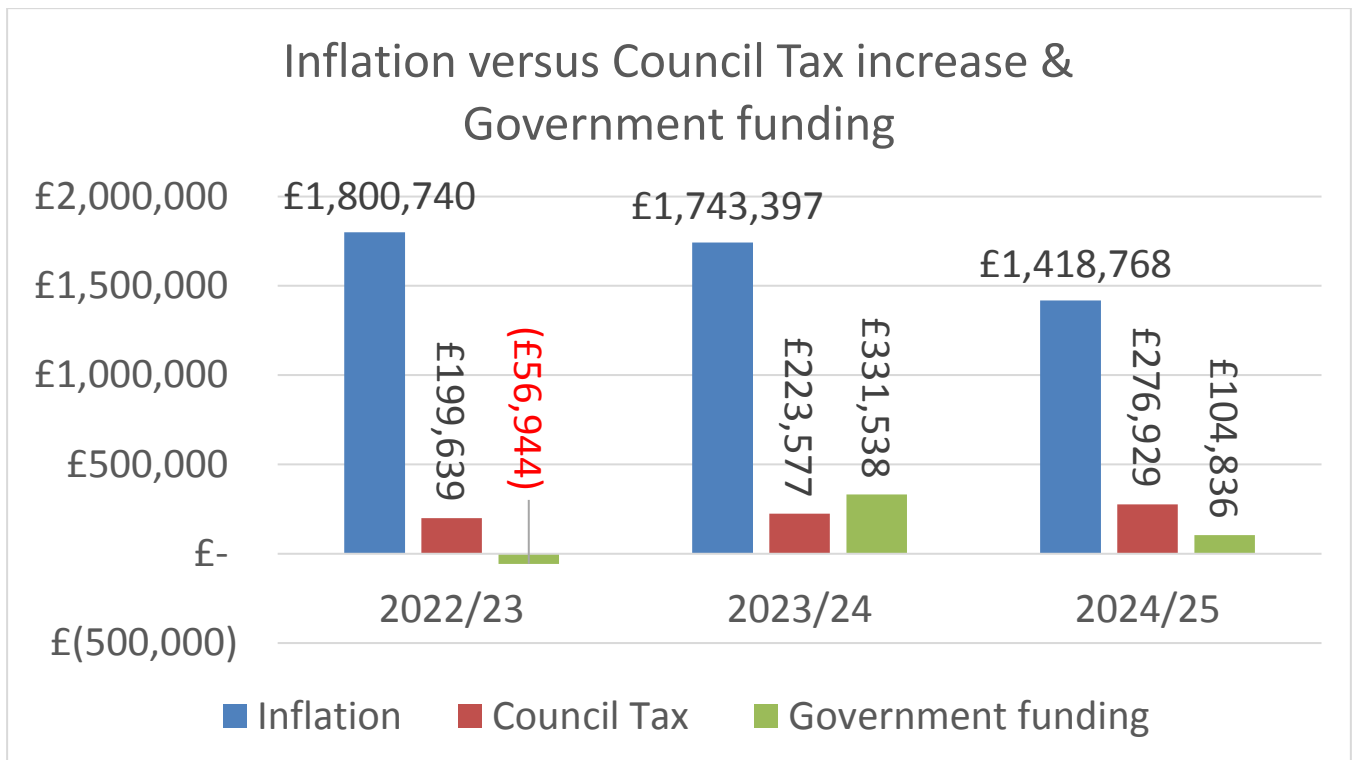
4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1. The requirement to make budget reductions

4.1.1. The period of austerity since 2010 has seen the Council having to find cumulative savings of £11Million plus the shortfall between reducing funding and increases in annual inflation. At the same time there has been a transition towards more inherent risk within local government funding, as illustrated below.



4.1.2. Continual inflationary increases into 2023/24 and projected into 2024/25 is adding to the constant strain of needing to find savings in order to 'balance the budget'. These pressures have continued to outstrip the income from council tax rises (capped by government policy) and Government funding. The chart below shows the inflation projected in the latest MTFS versus additional council tax and government funding for the year.



4.1.3. The inflation increase include Local Government employers side pay offer of £1,925 per spinal point or 3.88% whichever is the higher, equating to a 5.6% average increase, versus the General Fund budgeted pay increase of 3%. This adds an extra £458K to the General Fund pay bill. This has just been approved at the end of October 2023.

4.2. Council Tax

- 4.2.1. Council Tax is capped by Government and is normally announced as part of the Spending Review each year or later in the year with the Provisional Financial Settlement, (before a referendum needs to be held). In the past this has been set at 1.99% with some years having flexibility to either go up to £5 on a band D this would only equate to an increase of around 2.2% or 2.99%. The current MTFS is projecting the ability to increase council tax in 2024/25 by 2.99% (the same as 2023/24) on the basis that this is significantly below inflation but bringing this back to 1.99% for all future years.
- 4.2.2. Members should note that SBC only retains a relatively small part of the overall Council Tax raised for the year (the smallest element of the three preceptors). To illustrate this, taking a Band C property, (the biggest proportion of properties in Stevenage are in band C), the relative shares of council tax for a band C property are shown below.

Authority	2022/23	2023/24	Cost per week	Increase	Share
Hertfordshire County Council	£1,359.38	£1,427.23	£27.45	4.99%	77.34%
Stevenage Borough Council	£200.51	£206.50	£3.97	2.99%	11.19%
Police Crime Commissioner	£198.22	£211.56	£4.07	6.73%	11.47%
Total	£1,758.11	£1,845.29	£35.49	4.96%	100.00%

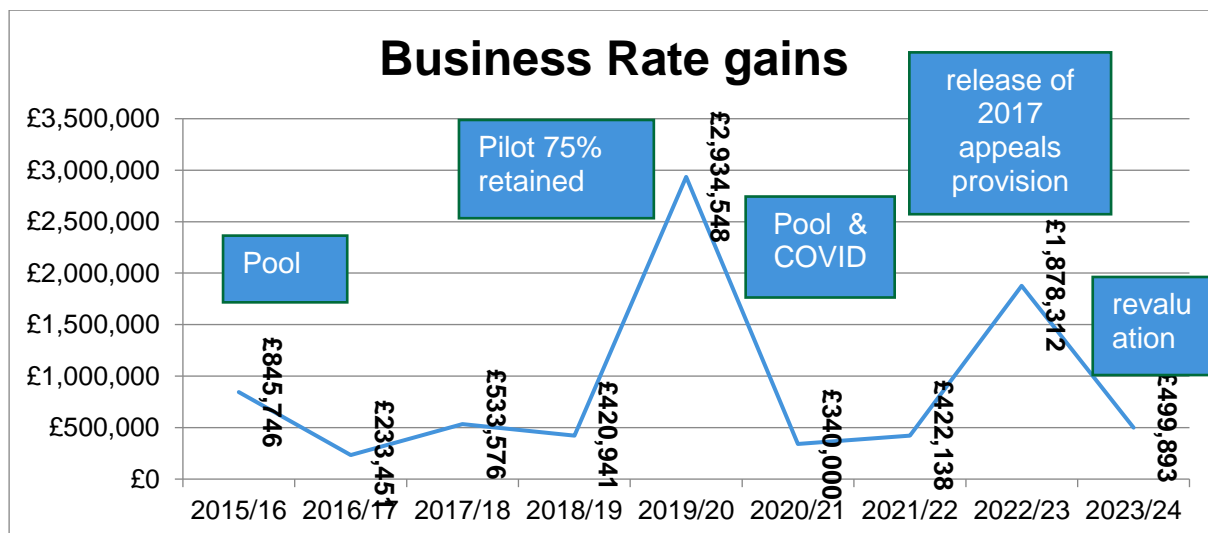
4.2.3. The tax base is currently being calculated based on projected new properties and an assessment of the level of council tax support (CTS) as based on the scheme that went to Executive in September 2023 and other discounts. The current increase in the taxbase for the year (up to September) is 1.21% against a MTFS projection of 0.75%. This would mean an additional £14,013 of income compared to the increase in council tax included in the September MTFS. The draft budget report to the January 2024 Executive will include a further update.

4.3. Business Rates (NDR) Income

4.3.1. Previously the MTFS only included the base line funding for business rates, or the amount the government has assessed the Council needs under its funding formula. In year gains are not guaranteed and have fluctuated each year.

4.3.2. Any NDR gains above the baseline have been used previously to fund time limited growth and regeneration objectives. The rules governing NDR accounting mean any estimated gains are taken in year and any difference between the actual and the estimate are taken from or, in the case of losses refunded to, the Collection Fund in future years. In the past the CFO would have recommended that any business rate gains are transferred to the NDR reserve to improve the resilience of the General Fund.

4.3.3. The latest MTFS now assumes an amount of £200K per year for 2024/25 to 2027/28, this is based on the level of prior years' gains achieved over a number of years as illustrated in the chart below.



- 4.3.4. The completion of the NDR1 form issued by the government determines the level of business rates collectable, level of reliefs to be given in 2024/25 together with the current business rate yield in January. The timing of the release of the government form and the submission deadline means the completion of the NDR1 is recommended to be delegated to the CFO after consultation with the Resources & Transformation Portfolio Holder.
- 4.3.5. It is currently unclear what the government will do in terms of any NNDR rate relief for businesses. In the past September CPI would be used as the mechanism to increase business rates for the coming year with current CPI for September being 6.7%. While this is higher than the projected in the September MTFS (6%), there would be a likely corresponding reduction in the 3% guarantee grant assumed for 2024/25.
- 4.3.6. The Business rate yield for 2023/24 is tracked monthly and the projected level for 2023/24 is marginally down on the original estimate (NDR1) due to some premises coming out of the rating listing from being demolished. This will be partly offset from some new premises coming online in the coming months and the latest appeals position is showing a favourable position. So based on current data the Council is not forecasting any changes to business rates. The draft budget report to the January 2024 Executive will include a further update.

4.4. Projected Finance Settlement 2024/25

- 4.4.1. The 2023/24 finance settlement assumed a 3% overall increase in funding before council tax increases or use of reserves, based on the 2023/24 3% guarantee grant funding. Within the latest MTFS 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.

Finance Settlement	2023/24	2024/25		
	Final	MTFS	Revised	Assumption
Business Rates	(£2,668,704)	(£ 2,828,827)	(£2,847,507)	6.7% CPI increase
Under indexing	(£ 454,589)	(£ 482,000)	(£ 482,000)	
Total Business Rates	(£3,123,293)	(£ 3,310,827)	(£3,329,507)	
Revenue Support Grant	(£ 102,053)	(£ 108,120)	(£ 108,120)	6.7% CPI increase
New Homes Bonus (NHB)	(£ 86,736)	(£ 10,000)	(£ 10,000)	
Services Grant	(£ 104,040)	(£ 100,000)	(£ 100,000)	
3% guarantee	(£ 78,399)	(£ 70,410)	(£ 51,728)	Assume 3% increase from 2023/24 in 2024/25
Total	(£3,494,521)	(£ 3,599,357)	(£3,599,355)	

4.5. Pressures currently assumed in the General Fund 2024/25

4.5.1. The General Fund budget assumptions for 2024/25 include growth pressures of £2.268Million which were included as part of the MTFS that went to September 2023 Executive. The projections and rationale are set out below and will be reviewed for any material changes as part of the budget setting process.

New Pressures	2024/25	Comments
ICT review	£104,000	Following review by Society for Innovation Technology and Modernisation on the right size of the ICT operation to deliver on both Councils priorities, the MTFS assumes an increase in budget of £104K in 2024/25 (part year implementation).
ICT Licences, software and hardware costs	£205,000	Following a root and branch review of hardware and software costs and licences has identified a pressure of £205K for 2024/25.
Car Park income losses	£300,000	Although income is improving year on year, it is still not achieving income levels pre-COVID. Latest MTFS shows a projected pressure in 2024/25 of £300K.
Garage income losses	£85,000	2024/25 Income will continue to be impacted because of the asbestos issue in the garages, although the introduction of on-line garage lettings has enabled the Council to reduce the losses more quickly than previously anticipated.
Inflation pressures	£1,464,000	This is based on the latest projections for utilities and a 3.5% pay award. The figure shown is net of costs charged to the HRA.

New Pressures	2024/25	Comments
Local Plan costs	£100,000	There is a need to complete number of studies for the next Local Plan update.
Housing Subsidy Admin	£10,000	As housing benefit caseloads reduces (migration to Universal Credit), the subsidy payment also reduces.
Total Pressures identified	£2,268,000	

4.6. Growth for the General Fund 2024/25

- 4.6.1. Since the MTFs was presented to Members in September, a number of new growth items have been identified by services and these are shown at Appendix A which totals £273,484 for the General Fund and £48,608 for the HRA. This is in contrast to the MTFs growth allowance of £75K in 2024/25, an increase in growth would necessitate an increase in savings to be found.
- 4.6.2. As stated above the Council is not in a financial position to be able to afford all new growth requests (without finding equivalent value of savings), and therefore recommended growth has been rationalised and the following is recommended for approval subject to the net budget gap of £56K being resolved for 2024/25. The recommended growth totals £131,710 for the General Fund (HRA £16,590).
- 4.6.3. The growth items were considered by the Council Financial Security Group (CFSG) and the outcome of their review is shown in paragraph 4.12.1.

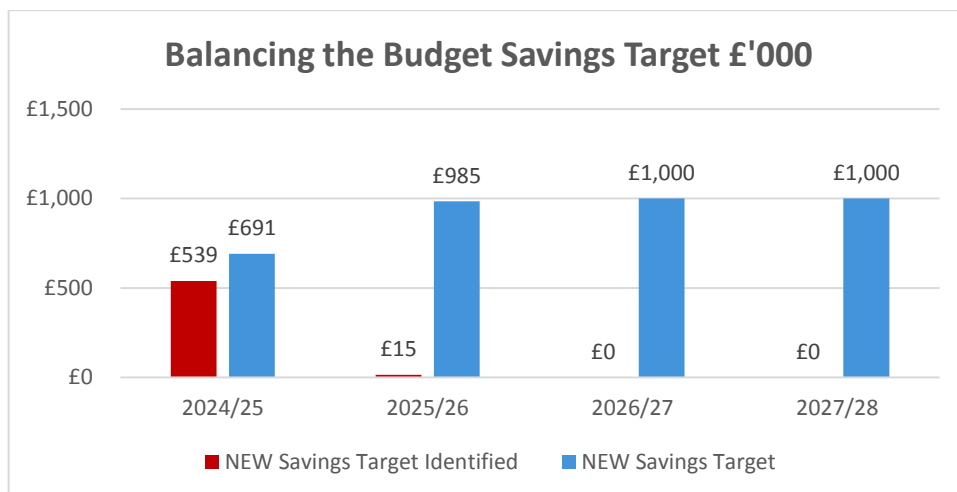
Recommended Growth	2024/25	Comments
Payroll Apprentice	£15,410	Development of the inhouse resource will result in reduction in reliance on third party contractor.
Graduate / Trainee Planner	£35,300	To enable the service to continue its performance around bringing new revenue into the Council and to support the Council in growing its own staff.
Switch from diesel fuel to HVO for the Council fleet	£66,000	This will support the Council ambition to lower its greenhouses gas emissions until the opportunity arises to an alternative power source for the fleet, reducing emissions by up to 90% or 795 tonnes per year implementation 1 October 2024. This would equate to £132K for 2025/26
Street Scene digital operation solution	£15,000	A digital system to manage and deliver the street and grounds maintenance service through improve scheduling, easier adjustment of frequencies of operation and real time job progress and could lead to future savings.
Total Growth	£131,710	

- 4.6.4. As part of the review of growth, it is recommended that:
- Growth item G4 (Finance system) could be funded within potential transformation budgets (currently being reviewed).
 - Growth item G5 (2nd Green Spaces Development Officer) costing £35,410 should continue for a further year to allow for a review of the allotment service processes and procedures to be undertaken and that the 2024/25 cost is funded from reserves.
 - Growth item G8 (woodland team) there is a need to review trees on HRA land and that one post should be approved to focus on the HRA trees at a cost of £30,368.
- 4.6.5. If Members agree to the above, then this would add a further £56,710 to the required savings target for 2024/25 as per the table below.

	2024/25
Budget deficit for 2024/25 as per the MTFS	£1,540,000
To be funded from reserves in year as per MTFS	(£310,000)
Existing saving target as per MTFS that went to September Executive	£1,230,000
New growth requested on top of what was included in the MTFS (£131,710 - £75,000)	£56,710
Revised Savings target for 2024/25	£1,286,710

4.7. The Balancing the Budget Target to Find

- 4.7.1. The MTFS (September 2023 Executive report) identified a General Fund four-year increased savings target of £4.230Million. The 2024/25 target increased from £730K to £1.23Million which is partly because of the £1.4Million of inflationary pressures with only anticipated increase in government funding of £106K and £276K of additional Council Tax revenue.



- 4.7.2. If Members agrees to the new growth requests as per paragraph 4.6.2, then the revised savings target would be £1,286,710.
- 4.7.3. The Balancing the Budget savings target will need to be kept under constant review, due to the considerable uncertainty surrounding local government finance and other economic pressures. The level of reserves required and therefore the level of savings to achieve is based on a risk assessment. Some of those more significant risks which could materialise and increase the need for further savings are summarised in the table below.

Expenditure and Income	Impacted by	Risk (to increase cost)
Inflation	Although prices have dropped since the budget was agreed back in February, there is still huge volatility in the market with the continual war in Ukraine.	medium
	The MTFS assumes a 3.5% pay award for 2024/25, a continuation of higher inflation may drive much higher pay negotiation outcomes	high
	Projections for inflation will continue to exacerbate inflationary pressures in the General Fund and HRA for pay, goods and services. (August CPI 6.2%)	high
Demand for services	There may be an increase for support services such as homeless and advice and this puts further pressure on the Council's budgets	medium
Fees and Charges	The continual impact of 'Cost of Living Crisis' may impact of the Council's fees and charges income which is required to support the funding of services.	medium

Expenditure and Income	Impacted by	Risk (to increase cost)
Core funding	The government has not signalled any new funding for the Public Sector and the MTFS includes a 'status quo' for grant funding, there is a risk that funding could be reduced will be removed.	high
	Grant funding for new burdens is announced annually such as homeless or rough sleeper funding which makes recruitment and retention difficult on a permanent basis	high
	There is uncertainty around future years government funding.	high

4.8. The 2024/25 Balancing the Budget Options process for the General Fund

4.8.1. The Council's Senior Leadership Team in recognising the scale of the savings required, agreed with the Executive Portfolio holders that a star chamber process would be held with all Assistant Directors, looking at:

- New surplus income streams.
- Opportunities for grant funding.
- Services provided for third parties recover all our costs and management time.
- What discretionary services could potentially be reduced or stopped.
- For all services what would a reduction in service feel like e.g. from gold standard to bronze (whilst ensuring that statutory services continue to be provided).
- In addition, cross cutting areas such as training, post etc would be reviewed.

4.8.2. This work was carried out during September and October 2023 has led to the options contained within this report. Due to the options identified as part of the Council's Commercial and Insourcing Strategy (October 2023 Executive) and Transformation activity (September 2023 Executive), the current savings package identified has not required service reductions, with the exception to changes around football pitches.

4.9. Balancing the Budget Savings

4.9.1. It has been recognised nationally and locally by the Council's Executive Members and Senior Leadership Team that this is again a difficult budget to set. Furthermore, with the current position for the sector to stay financially resilient and this can be evidence with a number of new councils actioning a 114 notice, or talking about the possibility to do so, that there are no easy solutions for the sector.

4.9.2. The options contained in this report has been to try and maximise savings through transformation and commercialisation, rather than a break glass option of cutting services. The following savings have already been agreed by Members:

Reported in Quarter 4 outturn for 2022/23	£	£
Increase Commercial Rental		95,000
Reported in Quarter 1 monitor for 2023/24		
HCC Maintenance Verge	33,632	
Homeless B&B costs	100,000	
Reduction in Leisure costs	145,490	
Increase in Commercial Rents	120,000	
Animal Control contract	18,660	417,782
September 2023 Executive		
Transformation report to move Customer Support Service into the atrium	200,601	
Merging two AD posts (Housing and Community & Neighbourhoods) into one	45,418	
Specialist Advice & Support	22,473	268,492
October 2023 Executive		
Increase in fees and charges	396,587	
New fees (from Planning, Engineers and Commercial) and rebasing of some fees to reflect current forecasts on budgets (Indoor Market, Traded Waste and Parks) since report went to Executive in October.	(63,113)	333,474
Total already approved		1,114,748

4.9.3. Further to the Fees and Charges 2024/25 report that went to October 2023 Executive, there needs to be a change to two of the fees which were not updated within the report. It is now being requested that members agree to increasing these fees in order to encourage applicants to apply via the portal for planning direct applications and to recover the costs associated with enquiries (which would generate additional income of £1,500) as follows:

- Planning Direct Application fee from (currently) £48 to £70.
- Enquiry fees from (currently) £10 to £15.

4.9.4. Part of the Transformation activity (from the September Executive) has required one post to be deleted, which resulted in a redundancy cost of £40,000 (of which £20K will be charged to the General Fund) within the 2023/24 budgets.

4.9.5. Further savings have materialised from decisions Members made as part of the capital bids for 2023/24:

	£	£
Total already approved		1,114,748
The installation of solar panels on 7 refuse lorries have saved circa. 1,100 litres of fuel per vehicle per year.	11,000	
To digitalise the physical turning of Book of Remembrance have saved overtime payment, from not having to do it at weekends and bank holidays	4,865	
With the introduction of the new automated car registration, the ability to reduce running costs from the use of chip coins /season tickets	5,000	20,865
Total identified savings		1,135,613

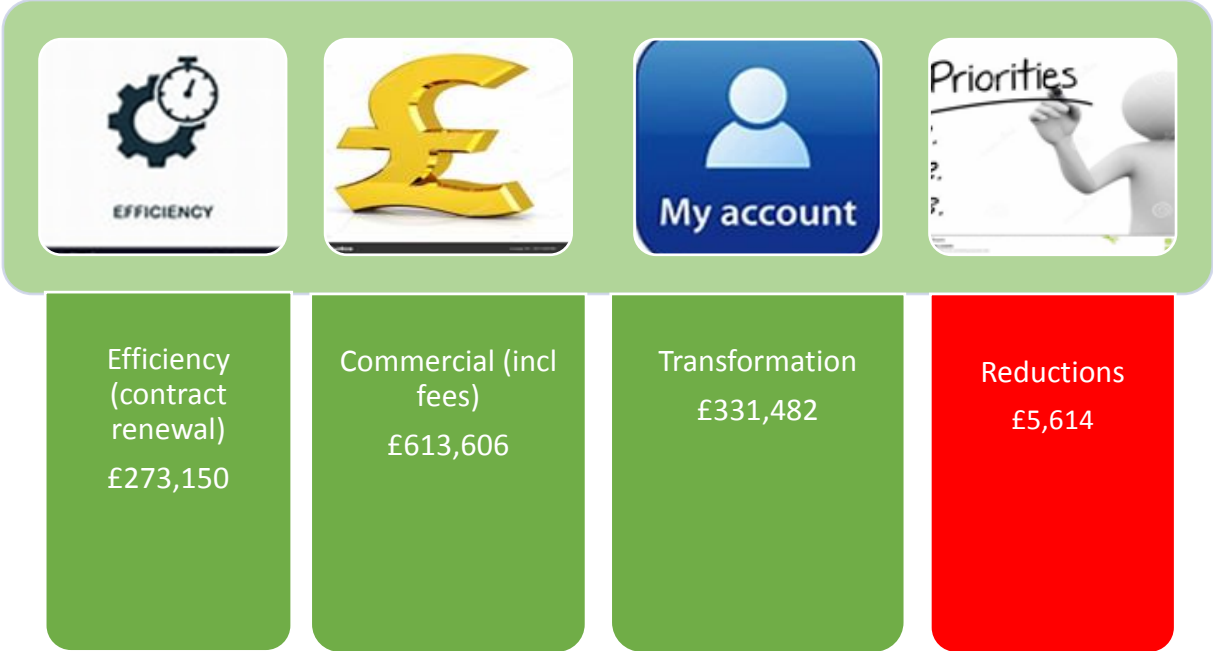
- 4.9.6. After taking into account the above, the revised savings required for 2024/25 is:

	2024/25
Revised savings target (paragraph 4.6.2)	£1,286,710
Total identified savings	(£1,135,613)
Revised savings target before options being considered	£151,097

- 4.9.7. Following the process set out in section 4.8 the following proposed savings are recommended for members to approve in order for the Council to have a balanced budget for 2024/25:

	£
To cease the provision of providing goal nets and corner flags and only offering 'naked pitches' i.e. no changing rooms, the Council will be able to make savings in not having to pay overtime to staff	5,614
A review of historical spend versus training budgets have identified opportunity to reduce budget by 10% across all services – protecting safeguarding and health & safety training. With emphasis to maximise the usage of the Apprenticeship Levy.	9,000
To migrate the Members payroll onto the officer's payroll will reduce the usage of a third part contract	3,350
Opportunity to make changes within the Executive and Member support teams with closer working practices	27,525
Close floor(s) at Daneshill, saving on utilities	11,250
Increase in HCC verge maintenance for 2024/25	30,000
Additional fees and charges as per paragraph 4.9.3	1,500
Total savings	88,239

- 4.9.8. The savings options to balance the budget for 2024/25 have not required the Council to make significant service cuts this year, unlike in previous years which has seen a cessation of both the Community transport and Play service and reductions in other service areas, The 2024/25 options have been aided by the Transformation and Commercial activity streams and there is a balance of £56K (after changes to the MTFS and council tax projections) which the CFO recommends is found for next year’s budget and Members will be updated in the January 2024 draft General Fund budget report. This approach is recommended due to the potential impact of higher salary and contract inflation above that estimated for next year and there is an annual savings target of £1Million beyond 2024/25 which is partly reliant on inflation reducing in the medium term.
- 4.9.9. The ability to continually find budget savings is increasingly difficult and, and this has been evident nationally with the level of Section 114 notices issued and the significant gap between inflation and funding. This has to be a clear indication that the Local Government funding system is broken and the Council has contributed to District Councils Network and other calls for data to support the sectors interest groups to give evidence to the government.
- 4.9.10. The Council will continue to use the balancing the budget activity strands to support the budget setting process and a summary of the savings achieved for 2024/25 within each of these strands are shown below.



4.10. Level of Balances required for General Fund

- 4.10.1. The September 2023 MTFS assumed that the minimum level of balances required would be £3.5Million, however this will need to be kept under review based on the risks set out in this report.

General Fund balances Minimum Level Assessment	2024/25 £Million
Amount to cover a 1.5% overrun in gross expenditure	£0.70
Amount to cover a 1.5% overrun in gross income	£0.75
Amount to cover pay award above the budgeted amount	£0.40
Amount to cover higher prices with higher than forecast inflation	£0.60
Amount to cover fee and charges losses through price fluctuation	£0.30
Amount to increased COVID / cost of living losses	£0.30
Amount to increased homeless costs	£0.05
Amount to cover risk to Balancing the Budget savings	£0.40
Total Estimated General Fund Reserves	£3.50

4.10.2. The need to find this level of savings is difficult but the CFO would recommend that Members consider approving the options presented, including a council tax increase at 2.99% if allowed through the Financial Settlement to ensure the General Fund is as resilient as possible due the uncertainty about the 2024/25 as detailed above.

4.11. Medium Term Financial Strategy General Fund Summary

4.11.1. The MTFs modelling has been updated to reflect the contents of this report which are subject to Members approval in the report and are:

- Growth of £131,710 (less £75,000 already included) as per paragraph 4.6.2.
- Total 2024/25 Balancing the Budget options of £1,223,852 as set out in paragraph 4.9.
- Redundancy costs of £20K for General Fund as per paragraph 4.9.4.
- Increase in council tax income for 2024/25
- Minor changes to inflation budgets

General Fund balances	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Opening Balance	(£5,954)	(£4,592)	(£4,226)	(£3,622)	(£3,361)
In Year	£1,362	£366	£604	£261	(£126)
Closing Balance	(£4,592)	(£4,226)	(£3,622)	(£3,361)	(£3,487)

4.12. Consultation

Council Financial Security Group (CFSG) (25 October 2023)

4.12.1. CFSG was presented with savings and growth options for consideration for 2024/25 balancing the budget. No voting was carried out for saving options, however, the group did consider the nine growth options (as detailed at

Appendix A) and scored them by “do not support” 0 point, “support but low priority” 1 point and “support with high priority” 3 points. The table below shows the results.

Growth bids received for 2024/25	Score	Recommended as per paragraph 4.6
Payroll Apprentice*	12	Yes
Graduate Planner*	12	Yes
Change remit of Planning Manager posts x 2	6	No
Improvement to finance ledger system	10	No – looking to fund through alternative sources
2nd Green Spaces Development Officer**	7	One year
Switch from diesel fuel to HVO*	9	Yes
Additional street scene manager	9	No
Creation of woodland team	10	1 post in HRA
Street scene digital operation solution*	6	Yes – a catalyst for further savings

Corporate Plan – six-week consultation starting 23 October

4.12.2. The Council is currently consulting on the Corporate Plan for 2024/25 and this includes questions around whether the respondent:

- Agrees that Balancing the Budget should be a priority so that the Council can remain financially resilient and continue to deliver key services as set out in the Corporate Plan?
- If no, is the alternative is to reduce services and provide less?
- If yes, what should the Council stop doing to generate £1.23Million savings?

Resident Survey (2021)

4.12.3. The 2021/22 Residents survey shows that resident’s preferences with regards to achieving budget savings are firstly to reduce costs through the provision of more online services. This was ranked the highest (out of five options in 2021 and 2017) with 41%. This first rate ranking has increased from 2017 and supports the Transformation programme as a method to reduce costs and improve efficiency / productivity.

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%

Please tell us your order of preference for each of the following options by ordering them 1 to 5	2021 rank	2017 rank	1st
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%

4.12.4. The 2021 residents' survey asked residents whether the council tax represented value for money. While strongly disagree has increased (from 7% to 15%), overall 52% up from 46% agree it represents value for money as shown in the chart below.

	Responses	2021	2017	2015	2013	2011
		1	7			
To what extent do you agree or disagree that the Council Tax paid to Stevenage Borough Council provides good value for money?	Strongly agree	16%	10%	7%	6%	6%
	Tend to agree	36%	36%	39%	39%	40%
	Neither	18%	30%	30%	35%	33%
	Tend to disagree	10%	17%	18%	17%	16%
	Strongly disagree	15%	7%	6%	5%	5%
	Don't know (DNRO)	4%				
	Summary: Agree	52%	46%	46%	45%	46%
	Summary: Disagree	26%	24%	24%	22%	21%

4.12.5. Due to the level of savings required the CFO intends to set out the issues in a media communication campaign so that residents and businesses understand why the Council is facing budgetary as well as how it is seeking to respond.

5. IMPLICATIONS

5.1. Financial Implications

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

5.2. Legal Implications

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

5.3. Policy Implications

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

5.4. Staffing and Accommodation Implication

- 5.4.1. The 2024/25 budget options included one redundancy which is summarised in paragraph 4.9.4.
- 5.4.2. In compliance with SBC's Organisational Change Policy any proposals involving potential redundancies will be fully consulted on with the trade unions and affected staff for a minimum 30-day consultation period, and again may therefore change depending on the outcomes of the consultation process.
- 5.4.3. Officers will continue to work in an open and transparent way with the trades unions, and will provide them with the information required, in accordance with statutory requirements and best employment practice, as soon as this is available. The trades unions will be provided with all relevant information in accordance with the Council's legal obligations.
- 5.4.4. Wherever possible staff who find themselves in a redundancy situation will be redeployed to a suitable alternative post. If that redeployment results in the staff affected moving into a lower-graded, post pay protection will apply for a 12-month period.

5.5. Equal Opportunities Implications

- 5.5.1. In carrying out or changing its functions (including those relating to the provision of services and the employment of staff) the Council must comply with the Equality Act 2010 and in particular section 149 which is the Public Sector Equality Duty. The Council has a statutory obligation to comply with the requirements of The Act, demonstrating that as part of the decision-making process, due regard has been given to the need to:
 - Remove discrimination, harassment, victimisation and any other conduct that its unlawful under this Act
 - Promote equal opportunities between people who share a protected characteristic and those who do not
 - Encourage good relations between people who share a protected characteristic and those who do not.
- 5.5.2. These duties are non-delegable and must be considered by Council when setting the Budget in February 2024.
- 5.5.3. An overarching EqIA will be developed if any service cuts are proposed and will form part of the budget report that goes to Council in February 2024. This will consider the collective impact of the Budget on people with protected characteristics.

5.6. Risk Implications

- 5.6.1. There are risk implications to setting a prudent General Fund budget if the Financial Security options identified in the report are not achieved and crucially if future options are not found to meet the targets outlined in the report.
- 5.6.2. There are a number of risks that have been identified and these are set out in the report.

5.7. Climate Change Implications

- 5.7.1. The Council declared a climate change emergency at the June 2019 Council meeting with a resolution to work towards a target of achieving net zero

emissions by 2030. The Transformation programme and the digital on-line agenda will contribute to reducing the Councils carbon footprint. The report also recommends an option to reduce our greenhouse gases to help achieve net zero emissions by 2030.

BACKGROUND DOCUMENTS

BD1 General Fund Medium Term Financial Strategy (2023/24-2027/28)

APPENDICES

Appendix A - Growth options

GROWTH PROPOSALS



Ref No	Name of Service	Description of Growth Proposal	Growth in 2024/25	Growth in 2025/26	Growth in 2026/27	Statutory Function (Y/N)	Impact of Growth Proposal on Public/ Customers/ Staff/ Members/Partnerships etc (include any impact on key corporate programmes/performance indicator measures) .	% General Fund (note 1) Finance can help how much is	Year 1 General Fund £	Year 1 HRA £
REVENUE GROWTH - New Proposals / Services										
G1	Payroll	Payroll Apprentice	£23,000	£23,000	£23,000	N	Development of in house resource in order to reduce reliance on third party contractor.	67%	£15,410	£7,590
G2	Planning	New Graduate Planner / Trainee	£35,295	£35,295	£35,295	Y	Development of in house resource (to grow our own).	100%	£35,295	£0
G3	Planning	Change remit of Planning Manager posts x 2	£9,925	£9,925	£9,925	Y	Development of in house resource	100%	£9,925	£0
G4	Finance	Finance Ledger Systems improvements	£5,000	£5,000	£5,000	N	To continue to improve the efficiency of the General Ledger system	67%	£3,350	£1,650
G5	SDS	Permanent post for 2nd Green Spaces Development Officer - currently filled via secondment	£35,414	£47,201	£47,201	N	Continued support of community environmental projects, delivery of green space improvement projects, and management of allotments	100%	£35,414	£0
G6	SDS	Switch from diesel fuel to HVO for our fleet	£75,000	£150,000	£150,000	N	Use of HVO to reduce carbon emmissions from our fleet until we transition to alternative power such as battery electric.	88%	£66,000	£9,000
G7	SDS	Creation of an additional Street Scene Manager, dedicated to Cleansing	£31,433	£31,433	£31,433	N	<p>The creation of a dedicated Cleansing Street Scene manager would support the increased demand in this area of work. With additions of the bus interchange, MSCP, enhanced works to support the regeneration of the town and future expectation of increased in weekend and evening social activity, time and resources are being consumed away from other needs.</p> <p>Currently the management structure cannot fully complete the required tasks needed to ensure that productivity is being maximised, health and safety is being adhered to and that the required standard is being achieved.</p> <p>In addition, managing policy, such as sickness absence – although being done could be improved further if more time were available. This would lead to less sickness and reduced numbers of agency staff. It would also allow managers to have an even fuller appreciation of their operations allowing for greater decision making to be undertaken with the potential to save money – such as running lean on staff (not covering all holidays where possible), improved ways of working, new technology and advancements, efficiencies in routes and task frequencies.</p>	100%	£31,433	£0

GROWTH PROPOSALS



Ref No	Name of Service	Description of Growth Proposal	Growth in 2024/25	Growth in 2025/26	Growth in 2026/27	Statutory Function (Y/N)	Impact of Growth Proposal on Public/ Customers/ Staff/ Members/Partnerships etc (include any impact on key corporate programmes/performance indicator measures) .	% General Fund (note 1) Finance can help how much is	Year 1 General Fund £	Year 1 HRA £
G8	SDS	Creation of a team dedicated to woodland and new tree management	£92,025	£92,025	£92,025	Y	<p>In 2009 the woodland team was put forward as a saving. Since this time no proactive surveying of tree condition or works have been undertaken. There is a high risk to the council due to proximity of woodlands boarding residential and commercial properties. In addition, high footfall pathways are not inspected or works completed proactively. There have been a number of claims made against the council, as confirmed by the Insurance Manager. It would be extremely difficult to defend the council's position, should a tree fall causing damage to property, or worse.</p> <p>This team would also be responsible for tree planting and aftercare, such as formative pruning. This would support the council targets to increase the tree canopy coverage and carbon neutral ambitions. Currently this work is supported by the arboricultural team, taking them away from proactive scheduled work on the Town's street trees.</p>	67%	£61,657	£30,368
G9	SDS	Street Scene digital operation solution - £50k p/annum revenue cost for licences - The service can find £35k therefore growth of £15k is required.	£15,000	£15,000	£15,000	Y	A digital system to manage and deliver the streets and grounds maintenance service e.g. improved scheduling, easier adjustments of frequencies of operations, real time job progress e.g. % of grass cuts, hedge etc, clearer information for staff especially new staff, better optimisation of staff resources with reduced need for transferring data paper based. More accurate record keeping. Resident interface to check real time progress and when their area due for work.	100%	£15,000	£0
TOTAL GROWTH OPTIONS			£322,092	£408,879	£408,879				£273,484	£48,608

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