



THE RUGBY BOROUGH COUNCIL

You are hereby summoned to attend an ORDINARY MEETING of the Rugby Borough Council which will be held at the TOWN HALL, RUGBY on Tuesday 24th April 2018 at 7.00 p.m.

A G E N D A

PART 1 – PUBLIC BUSINESS

1. Apologies for absence.
2. Minutes
To approve the minutes of the Meeting of Council held on 27th February 2018.
3. Declaration of Interests
To receive declarations of -
 - (a) non-pecuniary interests as defined by the Council's Code of Conduct for Councillors;
 - (b) pecuniary interests as defined by the Council's Code of Conduct for Councillors; and
 - (c) notice under Section 106 Local Government Finance Act 1992 - non-payment of Community Charge or Council Tax.
4. To receive the Mayor's Announcements.

5. Questions pursuant to Standing Order 10.
6. To receive the reports of Cabinet and Committees which have met since the last meeting of the Council and to pass such resolutions and to make such orders thereon as may be necessary:

(a) Cabinet – 9th April 2018

(1) Asset Management Strategy 2018-2023 – Corporate Resources Portfolio Holder.

(2) Medium Term Financial Strategy 2018-2023 – Corporate Resources Portfolio Holder.

(3) Human Resources Strategy and Resources – Corporate Resources Portfolio Holder.

7. To receive and consider the Reports of Officers
 - (a) Ansty Parish Council – report of the Monitoring Officer.
 - (b) Localism Act - Pay Policy Statement – report of the Executive Director in his capacity as Head of Paid Service.
 - (c) The high-rise blocks in Rugby – potential repair or regeneration – report of the Executive Director.

8. Correspondence.

9. Common Seal.

To order the affixing of the Common Seal to the various orders, deeds and documents to be made or entered into for carrying into effect the several decisions, matters and things approved by the Council and more particularly set out in the Committees' Reports adopted at this meeting.

10. Motion to Exclude the Public under Section 100(A)(4) of the Local Government Act 1972.

To consider passing the following resolution:

“under Section 100(A)(4) of the Local Government Act 1972 the public be excluded from the meeting for the following item on the grounds that it involves the likely disclosure of information defined in paragraph 3 of Schedule 12A of the Act.”

PART 2 – EXEMPT INFORMATION

1. To receive the private reports of Cabinet which have met since the last meeting of the Council and to pass such resolutions and to make such orders thereon as may be necessary:

(a) Private Report of Cabinet – 9th April 2018

(1) Bell House – options appraisal – Corporate Resources Portfolio Holder.

(2) Procuring a Replacement Housing Management System – Communities and Homes Portfolio Holder.

DATED THIS 16th day of April 2018

Executive Director

To: The Mayor and Members of Rugby Borough Council

QUESTIONS AT COUNCIL

A Councillor may ask a Question at the meeting by giving notice in writing of the Question to the Chief Executive no later than midday on Wednesday 18th April 2018. The rules relating to Questions are set out in Standing Order 10 of Part 3a of the Constitution.

REPORT OF CABINET

9 April 2018

PRESENT:

Councillors Stokes (Chairman), Mrs Crane, Mrs Parker, Ms Robbins and Mrs Timms.

Councillors Ms Edwards, Miss Lawrence, Roodhouse and Sandison were also in attendance.

1. ASSET MANAGEMENT STRATEGY 2018-2023

Cabinet considered a report concerning a proposed Asset Management Strategy for 2018 to 2023. The report was circulated as part of the Cabinet agenda and all Members are requested to bring their copies to the meeting. A copy of the report will be attached as part of the electronic version of this agenda on the Council's website.

Recommendation of Cabinet

Cabinet decided to recommend to Council that –

- (1) the Asset Management Strategy 2018 to 2023 be approved; and
- (2) a Cabinet led cross party joint members/officers working group be established to determine a detailed Asset Management Plan (AMP).

Recommended that – the recommendation of Cabinet be approved.

2. MEDIUM TERM FINANCIAL STRATEGY 2018 - 2023

Cabinet considered a report concerning a proposed Medium Term Financial Strategy for 2018 - 2023. The report was circulated as part of the Cabinet agenda and all Members are requested to bring their copies to the meeting. A copy of the report will be attached as part of the electronic version of this agenda on the Council's website.

Recommendation of Cabinet

Cabinet decided to recommend to Council that the Medium Term Financial Strategy 2018-2023 (at Appendix 1 to the report) and associated financial policies be approved.

Recommended that - the recommendation of Cabinet be approved.

3. HUMAN RESOURCES STRATEGY AND RESOURCES

Cabinet considered a report concerning a proposed Human Resources (HR) Strategy for 2018 to 2023 and a proposed increase to HR resources. The report was circulated as part of the Cabinet agenda and all Members are requested to bring their copies to the meeting. A copy of the report will be attached as part of the electronic version of this agenda on the Council's website.

Recommendation of Cabinet

Cabinet decided to recommend to Council that the HR Strategy (attached at Appendix 1 to the Cabinet report) be approved.

Recommended that - the recommendation of Cabinet be approved.

CHAIRMAN

AGENDA MANAGEMENT SHEET

Report Title: Asset Management Strategy 2018-2023

Name of Committee: Cabinet

Date: 9th April 2018

Report Director: Head of Corporate Resources and Chief Financial Officer

Portfolio: Corporate Resources

Ward Relevance: All

Prior Consultation: SMT, Asset Management Group.

Contact Officer: David Collins (Property Manager)
(01788) 533846:
email:david.collins@rugby.gov.uk

Public or Private: Public

Report subject to Call-In: Yes

Report En-Bloc: No

Forward Plan: Yes

This report relates to the following priorities:

Corporate Priorities:

CORPORATE RESOURCES-

- Optimise income and identify new revenue opportunities
- Prioritise use of resources to meet changing customer needs and demands
- Ensure that the council works efficiently and effectively

COMMUNITIES AND HOMES-

- Ensure residents have a home that works for them and is affordable
- Understand our communities and enable people to take an active part in them

ENVIRONMENT AND PUBLIC REALM –

- Enhance our local, open spaces to make them places where people want to be

GROWTH AND INVESTMENT –

- Promote sustainable growth and economic prosperity
- Promote and grow Rugby's visitor economy with our partners

Statutory / Policy Background:

The current Asset Management Strategy (AMS) is out of date and a new Asset Management Strategy is recommended best practice by The Ministry of Housing, Communities, and Local Government, (MHCLG) and The Royal Institution of Chartered Surveyors (RICS)

Summary:

To set the overall principles of an asset management strategy for the next 5 years.

Financial Implications:

An Asset Management Plan (AMP) will be developed from the AMS which will be considered alongside future capital and revenue budgets.

Risk Management Implications:

To be considered later at project level

Environmental Implications:

To be considered later at project level

Legal Implications:

To be considered later at project level

Equality and Diversity:

Equality and diversity impact has been completed and is included as annex 2 of the strategy

Options:

Asset Management principles are set out in the Asset Management Strategy (AMS). Project options will be considered at a later stage in the Asset Management Plan and within individual project options appraisals

Recommendation:

IT BE RECOMMENDED TO COUNCIL THAT -

- (1) the Asset Management Strategy 2018 to 2023 be approved; and
- (2) a Cabinet led cross party joint members/officers working group be established to determine a detailed Asset Management Plan (AMP).

Reasons for Recommendation:

To provide a framework to determine future Asset Management Principles and help determine the specific Asset Management Plan

Cabinet - 9th April 2018

Asset Management Strategy 2018 to 2023

Report of the Head of Corporate Resources and Chief Financial Officer

Recommendation

IT BE RECOMMENDED TO COUNCIL THAT -

- (1) the Asset Management Strategy 2018 to 2023 be approved; and
- (2) a Cabinet led cross party joint members/officers working group be established to determine a detailed Asset Management Plan (AMP).

1. Introduction

The previous Asset Management Strategy (AMS) helped enable the delivery of very notable projects within the Borough including a new Crematorium and a new Leisure Centre.

The new AMS now sets out a vision and asset principles for both the housing stock and corporate assets (the previous strategy concentrated on corporate assets only).

The AMS will set out parameters within which council property officers will operate and set priorities for their work plans over the next five years.

The value of expenditure on enhancing maintaining and running the Council's built assets is very significant second only to staffing costs. Ownership of land and property is also a potential income and capital generator. Therefore, efficient and effective asset management is vital to ensuring that the assets held by the Council are appropriate in enabling the delivery of its strategic objectives.

Guidance by The Royal Institution of Chartered Surveyors on the preparation and benefit of an AMS has largely remained in place now for ten years but was updated in 2012 in the following publications:

Local Authority Asset Management Best Practice 2012

RICS Public Sector Asset Management Guidelines 2012

The new Asset Management Strategy 2018 to 2023 is prepared based on these publications and sets out asset principles to be followed to develop a robust Asset Management Plan (AMP).

The AMP will set out the projects to be implemented under the strategy and allows for overall consideration of project priorities, and both monetary and staff resources to deliver these projects.

The AMP will be based on the principles contained in the strategy and will be developed by a Cabinet led cross party joint officer/member working party. The terms of reference will be agreed by the group with the over-riding target to complete an agreed AMP by the end of October 2018.

2. Asset Management Strategy

The detailed asset management strategy 2018 to 2023 is attached as appendix 1.

It is set out to cover the following topics:

Context for Rugby

General Fund Properties

Housing Fund Properties

Financial Impact

Links to other strategies and objectives

Organisational arrangements for asset management

Performance management and monitoring

Asset Management Principles

The monitoring of asset management

Review and Updating Arrangements

Current Projects are included in a schedule within Annex 1 of the strategy

An equality impact assessment is included as Annex 2 to the strategy

3. Working Party

It is proposed that a Cabinet led cross party joint members/officers working group be established to determine a detailed Asset Management Plan (AMP).

This group will agree its own detailed terms of reference which will include its scope and individual responsibilities to produce the AMP. The required outcome is a detailed AMP which will include individual project milestones and timelines.

The production of a proposed AMP is the end of October 2018.

The group will also consider and make recommendations on the resources (both staff and monetary), required to implement the proposed AMP.

4. Conclusion

Agreeing and documenting asset management principles in a strategy is the first step in developing a robust action plan for what is a significant resource held by the Council.

The production of a robust asset management plan is the second step to managing the council assets to the optimum benefit of the council.

Therefore, the recommendations to approve the strategy and establish a Cabinet led cross party joint officer/member working group.

Name of Meeting:
Cabinet

Date of Meeting:
9th April 2018

Subject Matter:
Asset Management Strategy

Originating Department:
Property Services/Corporate Resources

List of Background Papers

There are no background papers relating to this item.

Asset Management Strategy 2018-2023

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Foreword

A new Asset Management Strategy (AMS) provides an exciting opportunity to plan, recognise and celebrate the success of the great buildings and communities we have in Rugby and to look forward to some future spaces and buildings we may create.

Some recent examples of projects include



Rugby Hall of Fame



Rainsbrook Crematorium



Swimming Pool at the Queen's Diamond Jubilee Leisure Centre

Other recent achievements include:

- *Regeneration of 39 less popular homes in Hillmorton and replacement with 23 new homes, which are in high demand.*
- *Energy efficient initiatives; installation of solar PV's on some of our corporate buildings/ external wall insulation in some of our housing properties.*
- *Completion of the legal agreement and commencement of the new doctor's surgery and community building in Brownsover Dec 2017.*
- *Exchange of contract on 40 affordable homes in Cawston and Gateway North 2018.*

Such projects have improved our asset base and assisted in the development of the Town and Borough.

The AMS facilitates the delivery of the Corporate Strategy, "to optimise the use of our land and assets" and take a commercial approach in the management of those assets and resources where appropriate.

The AMS sets out the high-level integrated vision of the Council's approach to all its property assets both operational buildings/land held in the General Fund (GF) and affordable housing/land held in the Housing Revenue Account (HRA).

This vision will be supplemented by an Asset Management Plan (AMP), which will be drafted once the AMS is agreed. The AMP will set priorities for individual projects timescales and a resource work plan for implementation of individual projects. The AMP will be a product of a joint officer/member working group and will be based on the principles and project list detailed in this AMS in section 7,8 and annex 1.

It is an exciting time in Rugby for asset management as we:

- Have a new Local Plan going through the adoption process – which will set our vision for development and growth of the borough for the next 30-years.*
- Work with private developers, property advisors and registered provider partners to increase the supply of housing, utilise land holdings, develop and make best use of our property assets and public buildings.*

We aim to take a commercial view of our assets and seek innovative commercial solutions where appropriate, but above all to ensure our assets meet the needs of its customers and the organisation and are utilised and managed efficiently and effectively.



Cllr Carolyn Robbins

*Portfolio Holder –
Corporate Resources*



Mannie Ketley

*Head of Corporate
Resources and
Chief Financial Officer*



David Collins

*Property Services
Manager*

1.0 Introduction

The value of expenditure on enhancing, maintaining and running Rugby's assets is very significant, second only to staffing costs of the Council. Ownership of land and property is also a potential income and capital receipt generator.

Therefore, efficient and effective asset management is vital to ensuring that the assets held by the Council are appropriate in enabling the delivery of its strategic objectives.

The previous Asset Management Strategy covered the period 2009 to 2013. This has been completely reviewed and rewritten. The previous strategy formed the basis of the redevelopment of the new leisure centre, new crematorium, and is therefore illustrative of the value of such a strategy.

Having an up to date asset management strategy is considered best practice and is recommended by the Royal Institute of Chartered Surveyors (RICS). The most recent guidance is contained in the following publications which have been considered in the preparation of Rugby's strategy:

- Local Authority Asset Management Best Practice 2012 (RICS).
- RICS Public Sector Property Asset Management Guidelines 2012.

Current guidance puts more emphasis on the customer (internal and external) and specific project plans for individual identified sites, therefore these principles have been followed in the preparation of this strategy.

The Council's Asset Management Strategy is intrinsically linked to other Council strategy documents including:

- Corporate Strategy 2017-2020.
- Housing Strategy 2018-2020.
- Housing Acquisition and Disposal Strategy 2017.
- Medium Term Financial Strategy 2018 – 2020.

The draft Local Plan for the area prepared by the Council's Planning department also has an influence on the Asset Management Strategy (AMS) and Asset Management Plan (AMP).

The Strategy is intended to help optimise the deployment and utilisation of land, buildings and other assets to support delivery of front line services including operational buildings such as the Town Hall and the provision of social housing to meet the objectives set out in the Council's Housing Strategy.

This is set against a background of ever tightening and unpredictable funding.

The Strategy set out principles to be followed in the preparation of the AMP. The AMP will follow on from this strategy and will be based on a cabinet led cross party working group with officers, which will determine priorities and timescales that will ultimately assist in determining the level and mobilisation of both physical labour and financial resources.

Once the AMP is agreed, the implementation of the plan will remain the responsibility of the Senior Management Team and the Property Manager will be the lead officer responsible for delivery. Furthermore an asset management group of council officers representing all portfolio's will assist the co-ordination and communication of the strategy and plan and integration with other Council strategies and plans. Individual Project Boards headed by a member of SMT will be instigated for all projects more than £2M.

2.0 The Context for Rugby

2.1 General Fund Properties

The Council has a relatively small and diverse corporate asset portfolio, including a range of properties, car parks, parks, playing fields and allotments. There are some 40 buildings, ranging from the large and modern such as the Rugby Art Gallery and Museum, to the small and old such as toilet and changing room blocks. The portfolio includes the Town Hall, Queen's Diamond Jubilee Leisure Centre and Works Depots at Hunters Lane and Albert Street as well as a small number of properties leased to charitable organisations.

The Council also has a number of land holdings in the form of small to large plots of land (0.1 acre to 3 acres) around the Borough. It has used these land holdings to promote regeneration and to generate capital receipts or rental streams in the past. Given reducing revenue budgets it is now considered a priority.

Generally, the Borough consists of a main population centre of Rugby Town with outlying rural villages. Rugby is a market town with a history of near full employment largely based on its industrial roots but with a new emergence of jobs based in the logistics\distribution industry. There are however some hot spots of low income population and deprivation around the Borough which are highlighted in the LSP's Rugby Regeneration Strategy 2016 to 2019.

2.2 Housing Properties

The Council owns and manages a retained housing stock of approximately 3,800 properties.

There are a number of issues at a national and more local level which impact on the development and delivery of the Housing Strategy, but these are examined in the Council's Housing Strategy 2018 to 2020 and are not re-examined in this strategy

The Housing Strategy 2018- 2020 sets out the overarching objective to

Work with partners to identify, meet and sustain the housing needs of the people of Rugby

This is supported by three core priorities:

- 1. Helping people to access a suitable high-quality home, that meets their needs, at a price they can afford***
- 2. Making the best use of the Borough's current and planned housing supply***
- 3. Helping people to acquire the skills, information and support that they require to be self-reliant and achieve healthier outcomes***

The aim of the Asset Management Strategy is to enable asset management principles to support and help deliver the Housing Strategy. The emerging Housing Revenue Account business plan will have close links to the AMS and the aim will be to ensure that housing assets are best placed to meet current and emerging housing needs over the thirty-year lifespan of the business plan.

Close co-ordination and communication will be maintained between the Corporate Resources and Communities and Homes portfolios. Lead officers responsible are the Property Services Manager and Communities Projects Manager.

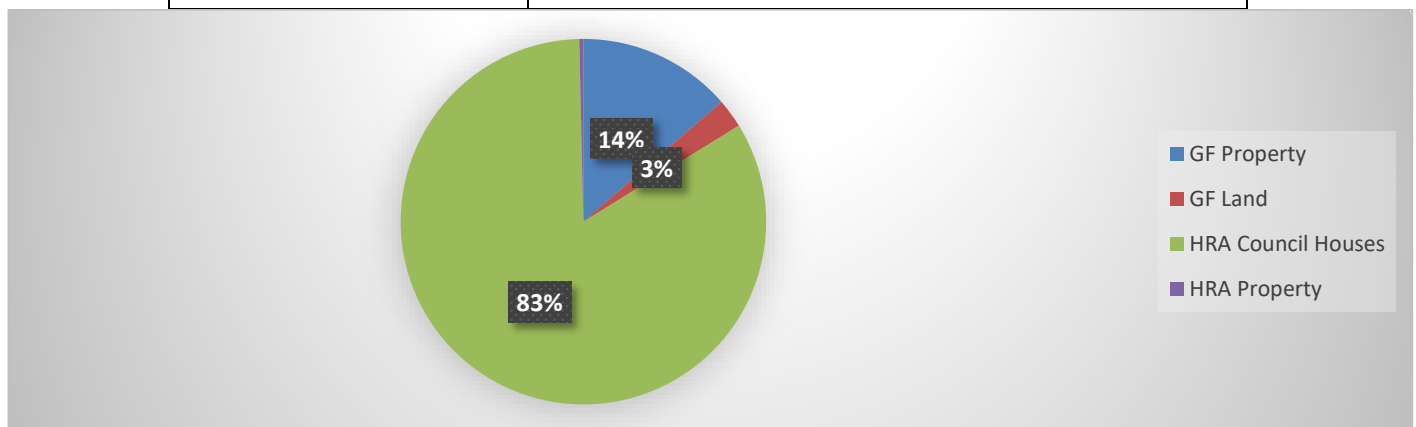


External Wall Insulation Project at Long Lawford

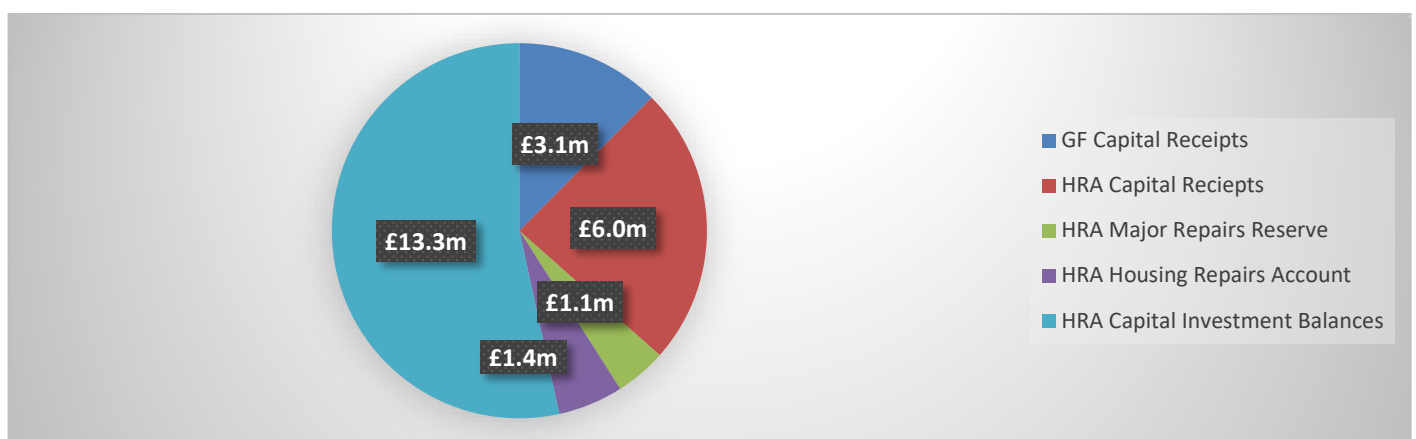
3.0 Financial Impact

The following table and chart shows how our property assets are split between the General Fund and Housing Revenue Account:

Property	£m
GF Property	29.8
GF Land	5.6
HRA Council Houses	182.4
HRA Property	0.8



As part of the Asset Management Plan, condition information will be obtained for all of our assets enabling identification of financial resources required for investment in maintenance and enhancement. The following chart shows current resources available for this, however it is expected additional resources beyond those shown below are likely to be required and in the context of our medium term financial strategy, decisions would be made further down the line on whether those come from revenue sources or borrowing.



4.0 Links to other Council Strategies and Objectives

The diagram below illustrates the relationship between asset management and wider Council influences and the difference between the Asset Management Strategy and Asset Management Plan.

Figure 1: How asset management plans fit into the wider picture
(RICS Asset Management Guidelines 2008)

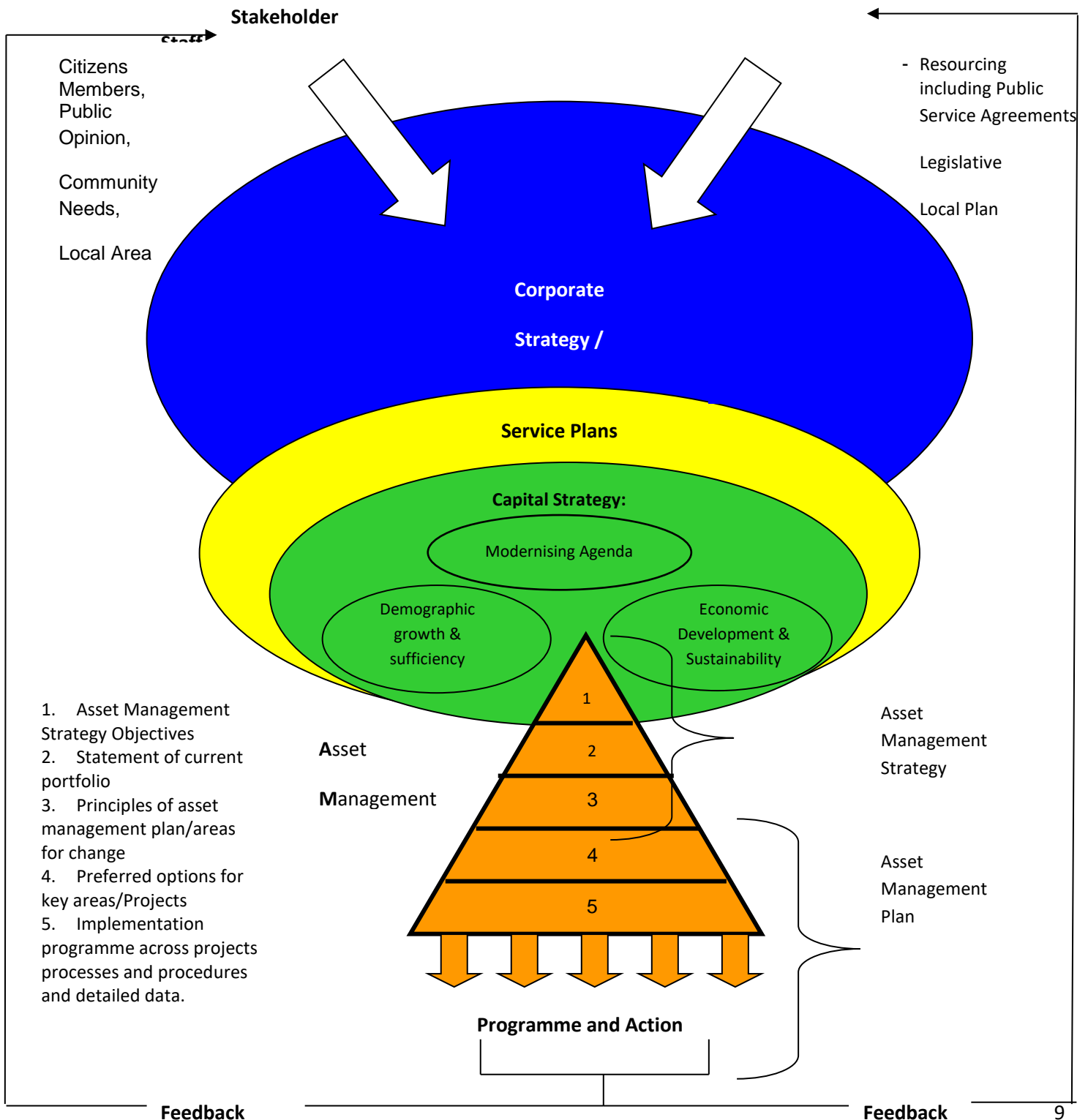
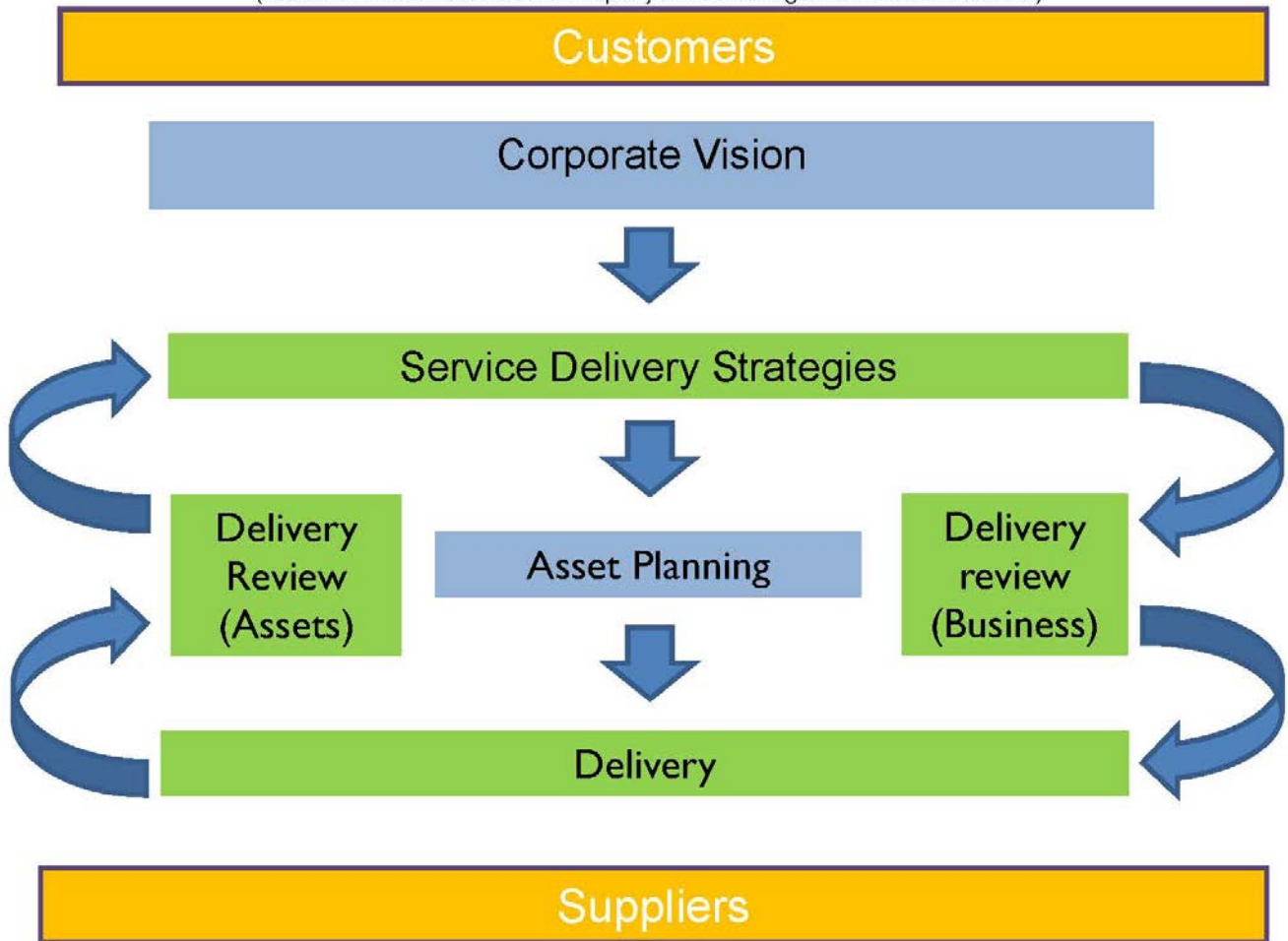


Figure 2: Asset Management Process Map

Asset Management Strategy Process Map

(based on RICS Public Sector Property Asset Management Guidelines 2012)



The Asset Process map in Figure 2 above illustrates how best practice asset management service feeds into service plans.

4.1 The Corporate Strategy 2017-2020

The overarching Corporate Priorities for the Council for 2017-20 are to:

1. Provide excellent, value for money services and sustainable growth
2. Achieve financial self-sufficiency by 2020
3. Enable our residents to live healthy, independent lives

The objectives for the Corporate Resources Portfolio are:

4. Optimise income and identify new revenue opportunities
5. Prioritise use of resources to meet the changing customer needs and demands
6. Ensure that the council works efficiently and effectively

The objectives for the Communities and Homes Portfolio are:

7. Ensure residents have a home that works for them and is affordable
8. Deliver digitally-enabled services that residents can access
9. Understand our communities and enable people to take an active part in them

The objectives for the Environmental and Public Realm Portfolio are:

10. Enhance our local open spaces to make them places where people want to be
11. Continue to improve the efficiency of our waste and recycling services
12. Protect the public



Caldecott Park

The objectives for the Growth and Investment Portfolio are:

13. Promote sustainable growth and economic prosperity
14. Promote and grow Rugby's visitor economy with our partners
15. Encourage healthy and active lifestyles to improve wellbeing within the Borough

These objectives have been considered and integrated into the list of projects within the Asset Management Action Plan. As noted previously the priority timing and resourcing of the action plan will follow on from the Asset Management Plan and the final version will be agreed by a Cabinet led cross party officer/member working group.

4.2 The Local Plan (The Rugby of the Future)

In summer 2017, the Council submitted its Local Plan to the Planning Inspectorate for approval, with a decision expected in early 2018. The Plan sets out the vision for Rugby through to 2031 and the main points regarding the Council's own Asset Management Plan are as follows:

- In 2031, Rugby will be a place where the community has worked together to create a Borough where people are proud to live, work and visit
- Strong links and relationships within the Coventry and Warwickshire sub-region and neighbouring East Midlands authorities will be maintained and strengthened
- Rugby Town Centre will be a prosperous and attractive town centre which complements and connects to the retail parks on Leicester Road, offering a wide range of shops, leisure and entertainment opportunities to those who visit alongside the businesses, public services and new homes that serve local residents
- The economy will be strong and provide a range of high quality employment opportunities suitable for the whole community, which will in-turn be supported through excellent links to local schools, Warwickshire College and local universities
- Most of the new sustainable housing and employment development will be focused on Rugby's urban area. Sustainable growth of main rural settlements will also take place to meet the housing needs of the rural population and provide support for rural infrastructure and services. Infrastructure to support growth will be phased into developments in such a way to ensure impacts are properly mitigated
- All Borough residents will have the opportunity to live in decent homes that they can afford through the provision of a variety of housing that meets the needs of all sectors of the community. Those areas within the Borough in need of regeneration will have focused attention to ensure improvement
- The Borough's local neighbourhoods will each have local services, community facilities and usable public spaces. Residents within the Borough will be well connected by a sustainable public transport system, incorporating excellent rail and bus links to ensure access to employment, health and local services, and a network of footpaths/cycle paths providing pedestrian links to local facilities and the open countryside
- The sustainable growth of the Town and Borough to meet the needs of the community will be balanced with protection and enhancement of the Borough's historic environment and existing natural assets through the creation of a strategic green infrastructure network. Development will be accommodated in ways that reduces our carbon footprint as well as protecting and enhancing the area

There are obvious and clear links between the objectives of the Local Plan and the Housing Strategy and new Asset Management Strategy. From an economic development perspective, the prosperity that the Borough seeks does rely on sufficient homes, that are of a decent standard and affordable, to ensure the take up of jobs, and as a means of attracting further employment opportunities.

The Council can also stimulate growth in the release of brownfield land and the promotion of development from within its own asset base (for both residential and employment development).

In other words, the Council's own Asset Management Strategy can help and support in the delivery of the Local Plan and these considerations have been made in the Asset Management Principles contained in the Strategy sections 7 and 8 and the list of specific projects noted in Annex 1.

4.3 The Equality and Diversity Objectives of the Council

There are also clear links between the Asset Management Strategy and the corporate equality and diversity objectives, which are to:

- Improve the quality, collection and use of equality data to enable the Council to make informed decisions on policy, service design and delivery
- Deliver services which are accessible and welcoming to all communities and can respond to the different needs and aspirations of customers
- Improve how the Council engages with communities, partners and customers
- Develop a diverse workforce that reflects the communities we serve and is valued and respected
- Develop and foster good relations between different groups and communities

Considerations will be made in the Asset Management Plan particularly, regarding the collection and storage of tenant data and the delivery of services to the community.

4.4 ICT Policy

There are a number of references to ICT in the Council's objectives and in particular '*deliver digitally -enabled services that residents can access*'. Changes in the use of ICT and the move to a more digital environment will influence the Asset Management Strategy. In particular:

- A move towards modern ways of working could impact on the use of the Council's offices and public buildings as more services are e-enabled and by the greater use of flexible and mobile working
- The demand from customers for more e-enabled services becomes more pronounced
- The strive for efficiency savings and information sharing can be more efficiently delivered with more sophisticated IT solutions and packages

Consideration and improvement in the asset management and housing management ICT systems are considered in the AMS and AMP.

The Council has a number of systems for asset management data storage and management. These are Technology Forge (Estates and Financial asset data), Cartology and QGIS (locational and mapping estates system), Ohms/Anite (housing and contractor ordering system), One Serve Repairs service helpdesk system and the Customer Service Arrow helpdesk system.

The Technology Forge system to become the main and fully integrated asset management system. This would be beneficial as having a fully integrated property information system will, in time, provide a one stop shop for corporate property information including; ownership details, legislative compliance data, maintenance data and performance data, ordering, and helpdesk data. It will also include finance and capital reporting modules for finance purposes.

5.0 Organisational Arrangements for Asset Management

How best practice asset management is delivered across the portfolios is also important to ensure it is managed consistently and communicated accurately.

The following are newly agreed terms of reference for a cross council Asset Management Group (AMG).

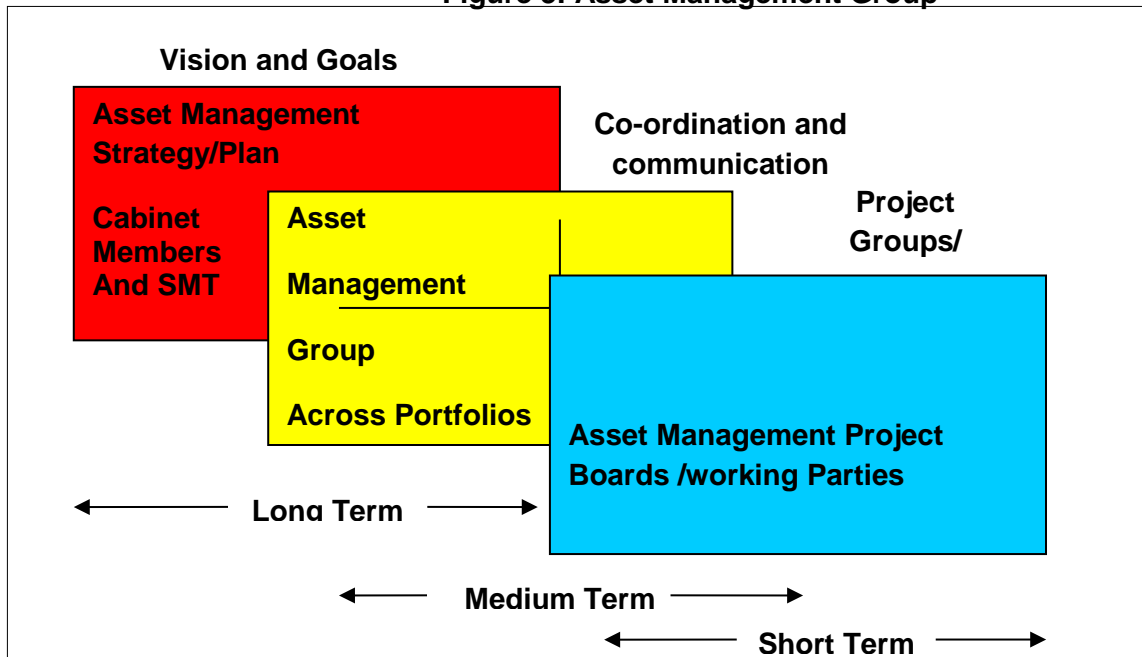
5.1 Organisational Fit

The diagram below illustrates the fit of the Asset Management Group (AMG) within the organisation.

The AMG overall objectives are:

- To help develop, maintain, champion, and assist in preparation and delivery of the Asset Management Plan (AMP)
- To communicate, work with and, co-ordinate service areas and working parties to deliver the AMP
- To identify new initiatives for consideration within the AMP

Figure 3: Asset Management Group



5.2 Overview of Asset Management Responsibilities

Members

- Final sign off of the other strategies under which the Asset Management Plan (AMP) sits
- Overview and final sign off of AMS and AMP
- Attendance and input to the Cabinet led cross party joint officer/member working party to prioritise projects, agree AMP, and ensure sufficient cash and staff resource is allocated for implementation
- Ongoing scrutiny

SMT

- Final officer sign off on AMP
- Agree high level vision and goals
- Receive an annual asset management update report and agree any proposed changes/updates to the Asset Management Strategy/Plan
- Allocate sufficient resource to implement the AMP and appoint Project Boards and a Project Sponsor to be the SMT representative and oversee specific larger projects. Project Boards will be considered for all projects in excess of £2M

- Authorise all spends above individual offers delegated authority levels or any expenditure on projects not within the current AMP

AMG

- Senior Officers committee with membership drawn from all portfolios across the Council
- Chaired and led by the Property Manager who has officer responsibility to deliver the AMS
- Co-ordinate different service areas to implement AMP
- Communicate drive and champion AMP across service areas
- Comment on and make recommendations on associated Council strategies, policies and procedures
- Appoint working parties and set targets to report back to AMG and SMT
- Agree draft AMP
- Consider and recommend updates and new projects within AMP
- Convenes every 2 months

Project Boards

- Appointed by SMT for projects in excess of £2M to manage and run individual projects
- Terms of reference for each board identified in a project initiation document (PID)
- Provide regular updates into SMT and AMG
- Project Board members to be generally selected from AMG officers and members

Working Parties

- Undertake detailed work on specific projects and buildings, noted in the AMP, under the direction of AMG

6.0 Performance Management and Monitoring

Recent asset management achievements have been as follows:

- Completion of the agreement for the NHS to develop the Brownsover Surgery and Community Centre (December 2017)
- Exchange of contracts on 34 social rent houses at Cawston (January 2018)
- Exchange of contracts on 6 affordable homes at Coton Park (January 2018)
- Securing funding for a One Public Estate project alongside Warwickshire County Council (Jan 2018)
- The Queen's Diamond Jubilee Leisure Centre completed in 2013
- The Rainsbrook Crematorium
- Regenerated 39 less popular homes in Hillmorton and replaced them with 23 new homes, which are in high demand.
- Energy efficient initiatives; installation of solar PV's on some of our corporate buildings, external wall insulation in some of our housing properties
- Completion of The World Rugby Hall of Fame in 2016

A list of proposed asset management principles is included in section 8 and current AMP projects in Annex 1. It is proposed that these will become the focus of the Asset Management Plan and be discussed within the Cabinet led cross party member/officer working party. Terms of reference will be drafted to set priorities and allocate sufficient resource to progress projects in line with the set targets. The aim for this working party is to have an agreed and prioritised project list with timescales by the end of October 2018.

Alongside the above officers are attending service planning sessions to set new performance management and monitoring targets. Performance indicators will be considered within this review.

The action plan will be uploaded on to the Council's performance management system for monitoring and updating by those that have been assigned actions, that they are accountable to lead.

There will also be an annual evaluation of the action-plan and strategy to ensure that it remains fit for purpose.

7.0 Asset Management Principles to be adopted in AMP

The AMS principles in section 8 and site-specific project list included in Annex 1 has been compiled from the Council strategies but principally the Corporate Strategy.

The overarching objective for the Corporate Asset Management Strategy is:

To provide a framework of principles to deliver optimum assets and optimum management of assets to promote, support, and sustain the Council's public buildings and social housing for the people of Rugby.

This is supported by the following core priorities

1. To achieve the optimum use of land and staff resource to deliver safe, efficient, effective and sustainable buildings and easy to use services for customers, tenants and employees
2. To achieve the optimum use of land and staff resources to deliver capital and revenue income streams from surplus or inefficient land and property assets
3. To ensure asset management best value and programme management is at the centre of Council decisions in order to achieve its corporate priorities

Whilst the Housing Revenue Account, Right to Buy receipts and Homes England grants are ring fenced for affordable housing, the asset management of both General Fund and Housing Revenue Account properties is the responsibility of the Property Manager. This arrangement has been in place since 2013 and enables the service to be more efficient and effective. It also promotes a consistent approach and better communication across all Council assets.

Whilst separate, both funds are also interlinked as some housing duties are a statutory General Fund function, for example the provision of temporary accommodation. Therefore, the asset management principles have been and should be applied across both funds rather than separated and duplicated. This allows for a more efficient and consistent cross council view on assets.

The Council's Strategic Objectives have been considered and a list developed to form the following Asset Management Principles/Actions. These are not placed in order of priority or importance, but work as a whole as an interlinked strategy.

8.0 Asset Management Principles discussed

1. Acquire or redevelop homes to meet the Housing Service Strategy and customer need by:		
<p>Acquiring Affordable homes (section 106 or discounted properties) direct from developers and house builders to satisfy affordable homes needs and utilise Right to Buy receipts</p>	<p>Acquiring homes off the open market to satisfy affordable homes needs and utilise Right to Buy receipts</p>	<p>Utilise Homes England investment/RP status to lever in grants for larger directly managed affordable homes on council owned development sites (sites over 12 units)</p>
<p>In 2013 the Government introduced new rules which allow the Council as a registered provider of affordable housing the ability to re-use capital receipts from right to buy monies. These monies are generated from the sale of its existing affordable housing stock and must be used to re-invest in new stock. Right to buy receipts can fund up to 30% of the costs new affordable homes developments or purchases. Under current right to buy guidelines tenants enjoy discounts on their purchases which means that replacing the stock to fulfil the Councils housing obligations with comparable homes at similar costs is difficult. Additionally, if these receipts are not used within 3 years they must be repaid to central government.</p> <p>Under planning guidelines in most private housing developments (above 12 units) the developer is obliged to provide a proportion of affordable homes. The current local plan states this should be at a rate of 25% of the proposed number of units as a baseline. In the market place, developers offer these affordable units to the market (to Affordable Homes Registered Providers such as ourselves) and as the rent flow is discounted for affordability of tenants the price bid/paid is also discounted.</p>	<p>Whilst it is anticipated that the previous policy will generate more replacement affordable housing stock at lower prices the purchase of one off opportunities is still valid for the reasons stated previously by reusing right to buy receipts. One off purchases also facilitate individual or bespoke uses, or in specific identified need areas where there are no larger developers operating or affordable homes offered to the market. Generally, these purchases are at open market price so not as efficient as those noted previously.</p>	<p>The Council in January 2018 confirmed its investment partner (IP) status with Homes England (HE), previously The Homes and Community Agency (HCA). This status allows the authority to bid for government grants for building affordable homes. In October 2017 the Government announced an additional £2bn funding <i>for a new generation of council and housing association affordable homes</i> making a total of £9bn grant funding available. Larger development opportunities (above 12 units) are usually considered suitable for such grants.</p>
<p>Corporate Strategy Objective: 1,2,3,4,5,6,7,9,13,15</p>		



Completed new homes at Pettiver crescent, Hillmorton



Newly acquired houses at Cawston

2. Dispose of small and difficult parcels of land to free up cash and staff resources

The Council owns many relatively small parcels of land in both the Housing Revenue Account and General Fund. These can be disused or dilapidated sites, or plots of land capable of sustaining a small number of houses, or a small commercial development. These types of sites are normally extremely complicated from a legal perspective and require substantially and proportionately more money and staff resource to develop. Given the objective to be efficient, effective and sustainable it is proposed that these sites are put to the open market and sold. This allows capital receipts to be reinvested in more efficient portfolio assets.

For example, the sale of disused and or dilapidated garage sites (HRA) could be reinvested in new affordable homes purchased under policy 1. Garage sites tend to fit into this category as they have complicated legal titles can be difficult to develop and not popular with tenants. Consideration of specific sites is however outside the scope of this strategy but would be considered within the AMP.

Corporate Strategy Objective: 1,2,3,4,5,6,7,9,13,15

3. Ensure statutory, health and safety and disability compliance for all Council built environment assets by:

Reviewing existing procedures/practices

The fundamental and underpinning principle of any asset management strategy is that the Council ensures it complies with all legislation applicable to the built environment. Legislation in this area is both extensive and comprehensive and includes such matters as energy certification, gas certification, electrical certification, disability access and many more. The Asset Management team has already embarked on its own statutory compliance audit to ensure that the Council meets minimum standards and to determine where enhanced standards are applicable. The management action plan flowing from this audit should be included in the overall asset management plan.

Ensuring there are policies and procedures in the Council's management of all building and construction works.

This principle builds on the requirement contained previously but specifically relates to all building and construction work across the council. Nuneaton and Bedworth Borough Council currently provides a shared service speciality in this area and it is envisaged that they will provide further help and guidance to achieve progress in this area. Any action plan recommended will become part of the AMP.

Corporate Strategy Objective: 1,2,3,4,5,6,7,8,9,12,13,15

4. Ensure efficient and effective space, energy usage, and sustainability within the Council’s built assets to maximize value by:

Reviewing the Carbon Management Plan for energy and sustainability	Undertake an Accommodation Review	Reviewing the use of Town Centre Car Parks	Consider use of initiatives to improve fuel poverty for Council tenants in the Borough	Producing an Asset Management Planned Maintenance and Capital Replacement Programme
<p>The Councils energy and sustainability credentials and carbon management plan require review and updating. There has been a vacancy for an Energy and Sustainability Officer for several months, so this role needs to be filled and the review undertaken. Any action plan resulting from the review will be incorporated in the AMP.</p>	<p>The Council should constantly review its accommodation needs alongside service area business reviews (see figure 2 AMP Process map).</p> <p>The Council will constantly assess redevelopment options and usage of Council buildings and land and where appropriate consider sales to gain a capital receipt or to re-invest capital to produce a revenue stream. The Council will also consider redevelopment or sale of assets for service efficiency or operational reasons.</p> <p>The Council is currently considering the Town Hall site within the Government sponsored one Public Estate Initiative (OPE). Outcomes from this project will be included in the AMP.</p>	<p>There are a number of redevelopment opportunities presented by town centre car parks owned by the Council. It is also recognised that parking in towns helps promote economic vibrancy. It is therefore proposed that a Town Centre Parking strategy is commissioned to determine town centre car parking numbers and locations to help identify surplus land which can be redeveloped.</p> <p>The redevelopment potential of each car park should also be an input into the car parking strategy. Once this is completed any development opportunities would be added into the AMP.</p>	<p>There are opportunities to reduce fuel poverty in affordable homes by promoting energy saving programmes such as upgrades of old heating systems and running warm home energy/insulation projects, alongside energy awareness campaigns.</p>	<p>Effective and efficient planned maintenance and capital replacement programmes are based on good condition survey information. As part of the AMP it is therefore proposed that condition survey information is reviewed alongside the other principles of asset management contained in this strategy. Once this has been undertaken a 20-year plan should be produced for planned maintenance and a capital replacement programme for both Housing Revenue Account and General Fund properties.</p>

Corporate Strategy Objective: 1,2,3,4,5,6,7,8,9,12,13,14,15

Rugby Town Hall
Completed Solar Panel Project



Rugby Art Gallery and Museum
Home of the World Rugby Hall of Fame



5. Efficient and Effective Asset Management Systems and internal communication procedures

As discussed in section 4.4 ICT policy, there remains a large number of different information and data system within the built environment function in the Council. It is proposed that systems are reviewed and an overarching system and/or interfaces are introduced. Asset Management as a function lies between two Portfolio's and is managed by 3 different teams so it is also important that internal communications are effective and efficient.

A list of proposed site-specific projects for consideration in the AMP is contained in Annex 1.

The final Asset Management Plan will detail priorities, set target timescales, profile staff resources and identify projects.

9.0 Monitoring the Asset Management Plan

The Asset Management Plan will be uploaded on to the Council's performance management system for monitoring and updating by those that have been assigned actions that they are accountable to lead.

There will also be an annual evaluation of the action-plan and strategy to ensure that it remains fit for purpose.

10.0 Strategy Review and Update

The Strategy and Plan will be reviewed annually and re-written every five years.

Annex 1

Asset Management Strategy Current Projects

Annex 2

Equality Impact assessment

**Annex 1 Asset Management Strategy
Current Projects**

No	Project Location/Task	Project Description	Fund	Current Status	Asset Strategy Principle
1	Market Quarter	Unused Land of approx 1.67 hectares	General	Options appraisal completed , Marketing target to commence March 18	4
2	Bell House	Site Acquisition 2017	General Fund (lease to Housing Fund)	Options appraisal under way - plan to build 18 no affordable units	1
3	Garage Sites	Disposal	Housing	Cabinet report prepared on phased approach	3
4	Town Hall	One public Estate project	General	Government grant approved for fesibility study	4
5	Biart Place and Rounds Gardens	Refurbishment/Redevelopment options appraisal	Housing	Review commenced	1,3,4
6	Gas Street - 2 locations	Options appraisal	General	Project identified	4
7	Development plots	Options appraisal	General	Project Identified	3
8	Albert Street	Options appraisal	General	Project Identified	4
9	Cawston Meadows	Affordable Homes Acquisition of 34 units	Housing	Contracts exchanged 3 units completed	1

Annex 1 Asset Management Strategy

Current Projects

10	Coton Park	Affordable Homes Acquisition of 6 units	Housing	Heads of terms agreed	1
11	Various	Affordable homes acquisitions	Housing	Negotiations commenced	1
12	Best Practice Statutory Compliance	All asset management services	Housing and General	Review commenced	3
13	Best Practice CDM regulations	All Portfolio's	Housing and General	Fee proposal received form shared service provider	3
14	Best Practice Asset management systems	All Portfolio's	Housing and General	SMT report prepared	5
15	RAGM	Lottery Fund bid additional space		In progress	4
16	Best Practice Energy and sustainability policy	All Portfolio's	Housing and General	Proposed review when officer in post	4
17	Best Practice client/contractor and internal client relationships	Throughout Asset Team, Repairs Team and Housing Teams and cross council	Housing and General	Review commenced	5
18	Best Practice Planned Maintenance and Capital Replacement Programme	Asset Team	Housing and General	Review Required - review building condition information undertake new surveys where required and implement new capital programme based on survey information	4

EQUALITY IMPACT ASSESSMENT/ ANALYSIS (EqIA)

Asset Management Strategy 2018 to 2013



Equality Impact Assessment

Service Area	Resources
Policy/Service being assessed	Asset Management Strategy 2018 to 2023
Is this is a new or existing policy/service?	New Strategy (old strategy out of date covered 2009 to 2013)
If existing policy/service please state date of last assessment	N/A
EqlA Review team – List of members	D Collins, M Dickson, W Winter.
Date of this assessment	26 th Feb 2018
Signature of responsible officer (to be signed after the EqlA has been completed)	

A copy of this Equality Impact Assessment report, including relevant data and information to be forwarded to the Corporate Equality & Diversity Advisor.

If you require help, advice and support to complete the forms, please contact Minakshee Patel, Corporate Equality & Diversity Advisor via email: minakshee.patel@rugby.gov.uk or 01788 533509.



Form A1

INITIAL SCREENING FOR STRATEGIES/POLICIES/FUNCTIONS FOR EQUALITIES RELEVANCE TO ELIMINATE DISCRIMINATION, PROMOTE EQUALITY AND FOSTER GOOD RELATIONS



High relevance/priority



Medium relevance/priority



Low or no relevance/ priority

Note:

1. Tick coloured boxes appropriately, and depending on degree of relevance to each of the equality strands
2. Summaries of the legislation/guidance should be used to assist this screening process

Business Unit/Services:	Relevance/Risk to Equalities																										
State the Function/Policy /Service/Strategy being assessed:	Gender			Race			Disability			Sexual Orientation			Religion/Belief			Age			Gender Reassignment			Pregnancy/ Maternity			Marriage/ Civil Partnership (only for staff)		
Principles in Strategy	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
1 Buy section 106 affordable houses			✓			✓			✓			✓			✓			✓			✓			✓			✓
2 Acquire homes off open market			✓			✓			✓			✓			✓			✓			✓			✓			✓
3 Dispose small sites			✓			✓			✓			✓			✓			✓			✓			✓			✓
4 HCA grants			✓			✓			✓			✓			✓			✓			✓			✓			✓
5 Statutory compliance			✓			✓			✓			✓			✓			✓			✓			✓			✓
6 Construction H&S			✓			✓			✓			✓			✓			✓			✓			✓			✓
7 Efficient energy use			✓			✓			✓			✓			✓			✓			✓			✓			✓
8 Property/Accommodation reviews			✓			✓			✓			✓			✓			✓			✓			✓			✓
9 Use of public carparks			✓			✓	✓					✓			✓			✓			✓			✓			✓
10 Information and data			✓	✓					✓			✓			✓			✓			✓			✓			✓

systems																									
11 Planned maintenance																									
<p>Are your proposals likely to impact on social inequalities e.g. child poverty for example or our most geographically disadvantaged communities? If yes please explain how. –</p> <p>Supports optimum management of assets to improve the Councils standing and resources to put towards corporate objectives</p> <p>Purchase of council homes and disposal of sites in accordance with housing strategy is aiming to minimise inequality issues.</p>																						YES			
Are your proposals likely to impact on a carer who looks after older people or people with disabilities? If yes please explain how.																						NO			

Form A2 – Details of Plan/ Strategy/ Service/ Policy

<u>Stage 1 – Scoping and Defining</u>	
(1) What are the aims and objectives of Plan/Strategy/Service/Policy?	To provide objectives to manage our built assets including operational properties, affordable housing and vacant land and buildings.
(2) How does it fit with Rugby Borough Council's Corporate priorities?	The principles of asset management contained in the plan are linked back to corporate strategy in detail within the document which demonstrates close alignment to corporate objectives.
(3) What are the expected outcomes?	Improved use of assets and resources used to manage them
(4) Which of the groups with protected characteristics is this intended to benefit? (see form A1 for list of protected groups)	The benefit should span all protected groups
<u>Stage 2 - Information Gathering</u>	
(1) What type and range of evidence or information have you used to help you make a judgement about the plan/ strategy/ service/ policy?	The previous asset management strategy led to the development of the new Leisure centre and Crematorium
(2) Have you consulted on the plan/ strategy/ service/policy and if so with whom?	Asset Management Group which a group consisting of officers across all portfolios and SMT
(3) Which of the groups with protected characteristics have you consulted with?	None applicable at this stage. The disabled forum would be consulted when a Town Centre Car Parking Strategy is reviewed and in any specific accommodation projects. The asset management strategy is also closely aligned to the Housing strategy which has been subject to a separate equality and diversity review.

Stage 3 – Analysis of impact			
<p>(1) From your data and consultations is there any adverse or negative impact identified for any particular group which could amount to discrimination?</p> <p>If yes, identify the groups and how they are affected.</p>	RACE No	DISABILITY No	GENDER No
	MARRIAGE/CIVIL PARTNERSHIP No	AGE No	GENDER REASSIGNMENT No
	RELIGION/BELIEF No	PREGNANCY MATERNITY No	SEXUAL ORIENTATION No
(2) If there is an adverse impact, can this be justified?	N/A		
(3) What actions are going to be taken to reduce or eliminate negative or adverse impact? (this should form part of your action plan under Stage 4.)	N/A		
(4) How does the plan/strategy/service/policy contribute to the promotion of equality? If not what can be done?	<p>It supports the Housing strategy which reinforces and supports equality and diversity in affordable housing provision by the Council.</p> <p>It supports using assets effectively and efficiently thus supports the Councils overall financial position</p>		
(5) How does the plan/strategy/service/policy promote good relations between groups? If not what can be done?	N/A		
(6) Are there any obvious barriers to accessing the service? If yes how can they be overcome?	N/A		

<u>Stage 4 – Action Planning, Review & Monitoring</u>																														
<p>If No Further Action is required then go to – Review & Monitoring</p> <p>(1) Action Planning – Specify any changes or improvements which can be made to the service or policy to mitigate or eradicate negative or adverse impact on specific groups, including resource implications.</p>	<p>EqlA Action Plan</p> <table border="1" data-bbox="875 424 2112 655"> <thead> <tr> <th data-bbox="875 424 1120 501">Action</th> <th data-bbox="1120 424 1364 501">Lead Officer</th> <th data-bbox="1364 424 1615 501">Date for completion</th> <th data-bbox="1615 424 1865 501">Resource requirements</th> <th data-bbox="1865 424 2112 501">Comments</th> </tr> </thead> <tbody> <tr> <td data-bbox="875 501 1120 539"></td> <td data-bbox="1120 501 1364 539"></td> <td data-bbox="1364 501 1615 539"></td> <td data-bbox="1615 501 1865 539"></td> <td data-bbox="1865 501 2112 539"></td> </tr> <tr> <td data-bbox="875 539 1120 577"></td> <td data-bbox="1120 539 1364 577"></td> <td data-bbox="1364 539 1615 577"></td> <td data-bbox="1615 539 1865 577"></td> <td data-bbox="1865 539 2112 577"></td> </tr> <tr> <td data-bbox="875 577 1120 616"></td> <td data-bbox="1120 577 1364 616"></td> <td data-bbox="1364 577 1615 616"></td> <td data-bbox="1615 577 1865 616"></td> <td data-bbox="1865 577 2112 616"></td> </tr> <tr> <td data-bbox="875 616 1120 655"></td> <td data-bbox="1120 616 1364 655"></td> <td data-bbox="1364 616 1615 655"></td> <td data-bbox="1615 616 1865 655"></td> <td data-bbox="1865 616 2112 655"></td> </tr> </tbody> </table>					Action	Lead Officer	Date for completion	Resource requirements	Comments																				
Action	Lead Officer	Date for completion	Resource requirements	Comments																										
<p>(2) Review and Monitoring State how and when you will monitor policy and Action Plan</p>	<p>Strategy to be reviewed annually</p>																													

Please annotate your policy with the following statement:

‘An Equality Impact Assessment/ Analysis on this policy was undertaken on (date of assessment) and will be reviewed on (date three years from the date it was assessed).

26th Feb 2018

AGENDA MANAGEMENT SHEET

Report Title:	Medium Term Financial Strategy 2018-2023
Name of Committee:	Cabinet
Date:	9th April 2018
Report Director:	Head of Corporate Resources and Chief Financial Officer
Portfolio:	Corporate Resources
Ward Relevance:	All
Prior Consultation:	SMT
Contact Officer:	Chris Blundell, Financial Services Manager & Deputy Chief Financial Officer (01788) 533410: email:chris.blundell@rugby.gov.uk
Public or Private:	Public
Report subject to Call-In:	Yes
Report En-Bloc:	No
Forward Plan:	Yes
Corporate Priorities:	<p>This report relates to the following priority(ies):</p> <p>CORPORATE RESOURCES</p> <ul style="list-style-type: none">• Optimise income and identify new revenue opportunities• Prioritise use of resources to meet changing customer needs and demands• Ensure that the council works efficiently and effectively

Statutory / Policy Background:

Summary: This strategy sets out the key principles and financial polices required to enable the Council to meet it objectives and ambition of becoming financially self-sufficient by the end of the decade

Financial Implications: As detailed in the report

Risk Management Implications: As detailed in the report

Environmental Implications: None

Legal Implications: None

Equality and Diversity: An Equality Impact Assessment has been undertaken and is included at Appendix 2

Recommendation: IT BE RECOMMENDED TO COUNCIL THAT the Medium Term Financial Strategy 2018-2023 (at Appendix 1 to the report) and associated financial policies be approved.

Reasons for Recommendation: The key principles and financial polices presented within this strategy will enable the Council to meet it objectives and ambition of becoming financially self-sufficient by the end of the decade

Cabinet - 9th April 2018

Medium Term Financial Strategy 2018-2023

Report of the Head of Corporate Resources and Chief Financial Officer

Recommendation

IT BE RECOMMENDED TO COUNCIL THAT the Medium Term Financial Strategy 2018-2023 (at Appendix 1 to the report) and associated financial policies be approved.

1. Introduction

This is the first Medium Term Financial Strategy (MTFS) that been produced in accordance with the Council's new Corporate Strategy '*Proud of our past, fit for the future*'.

2. Medium Term Financial Strategy

The purpose of this MTFS is to provide the Council with a sound financial plan that outlines the key principles and financial policies required to enable it to meet its objectives and achieve its ambition of becoming financially self-sufficient by the end of the decade without reliance on central government funding.

The detailed Medium Term Financial Strategy 2018 to 2023 is attached as Appendix 1.

It is set out to cover the following topics:

- Some contextual background on the operating and financial environment within which this strategy has been developed
- The plans and policies to direct the Council towards achieving financial self-sufficiency
- The approach the Council will take to ensure delivery of excellent value for money services
- The Council's key principles for financial management that will be followed over the lifetime of this strategy
- The Council's reserves and their position to mitigate financial risks

Throughout all the topics set out above, this strategy sets out a suite of financial policies that have been developed to provide a framework to guide financial management, planning and decision making throughout the life of the strategy.

In particular, the strategy documents how the Council's pro-growth agenda has put it well on the path to achieving self-sufficiency. However, the continuing austere times for the sector means adaption of key but uncertain funding streams is necessary to create certainty within this unstable financial environment.

An Equality Impact Assessment has been undertaken and is included at Appendix 2.

3. Conclusion

The approval of this MTFs and the policies within it will provide a financial plan to facilitate the provision excellent value for money services and achievement of financial self-sufficiency

Name of Meeting:
Cabinet

Date of Meeting:
9th April 2018

Subject Matter:
Medium Term Financial Strategy 2018-23

Originating Department:

Property Services/Corporate Resources

List of Background Papers

There are no background papers relating to this item.



Medium Term Financial Strategy 2018-2023



Foreword

Strategic planning sits at the heart of good public financial management. It is this attribute that has enabled the Council to continue to invest in new and existing services for our customers, whilst ensuring charges are kept at levels which enable the provision of high-quality services our customers deserve.

Rugby Borough Council is no exception to the funding and resource issues experienced across the whole sector; the scale of reductions has hit us all hard. However, it is how we have chosen to react to our circumstances that proves how exceptional we are.

In this strategy you will see how our pro-growth agenda has put us well on our path to achieving self-sufficiency, however the continuing austere times for the sector means we need to adapt our uncertain funding streams to create our own certainty within this unstable financial environment.

The purpose of this Medium Term Financial Strategy is to provide the Council with a sound financial plan that outlines the key principles and financial policies required to enable it to meet its objectives and achieve its ambition of becoming financially self-sufficient by the end of the decade without reliance on central government funding.



Cllr Carolyn Robbins

Portfolio Holder for
Corporate
Resources



Mannie Ketley

Head of Corporate
Resources &
Chief Financial
Officer



Chris Blundell

Financial Services
Manager & Deputy
Chief Financial
Officer



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1. Introduction

This is the first Medium Term Financial Strategy (MTFS) that has been produced in accordance with the Council's new Corporate Strategy '*Proud of our past, fit for the future*'. The new strategy sets out three overarching corporate priorities that reflect the need for public services to change and reform.

These are:

- Provide excellent, value for money services and sustainable growth
- Achieve financial self-sufficiency by 2020
- Enable our residents to live healthy, independent lives

This MTFS will primarily focus on addressing the first two overarching priorities and provide a plan to provide excellent value for money services and achieve financial self-sufficiency. This plan is constructed by a suite of financial policies, which are set out throughout this document, to provide a framework that will guide financial planning and decision making throughout the life of the strategy.

Other key strategies that inform and inter-link with this MTFS document are:

- Treasury Management Strategy
- Asset Management Strategy
- Medium Term Financial Plan (MTFP)
- Capital Strategy
- Value for Money (VfM) strategy
- Procurement strategy
- Commercial strategy
- HRA business plan

2. Background - Local Government Operating and Financial Environment

2.1 Local Government Funding

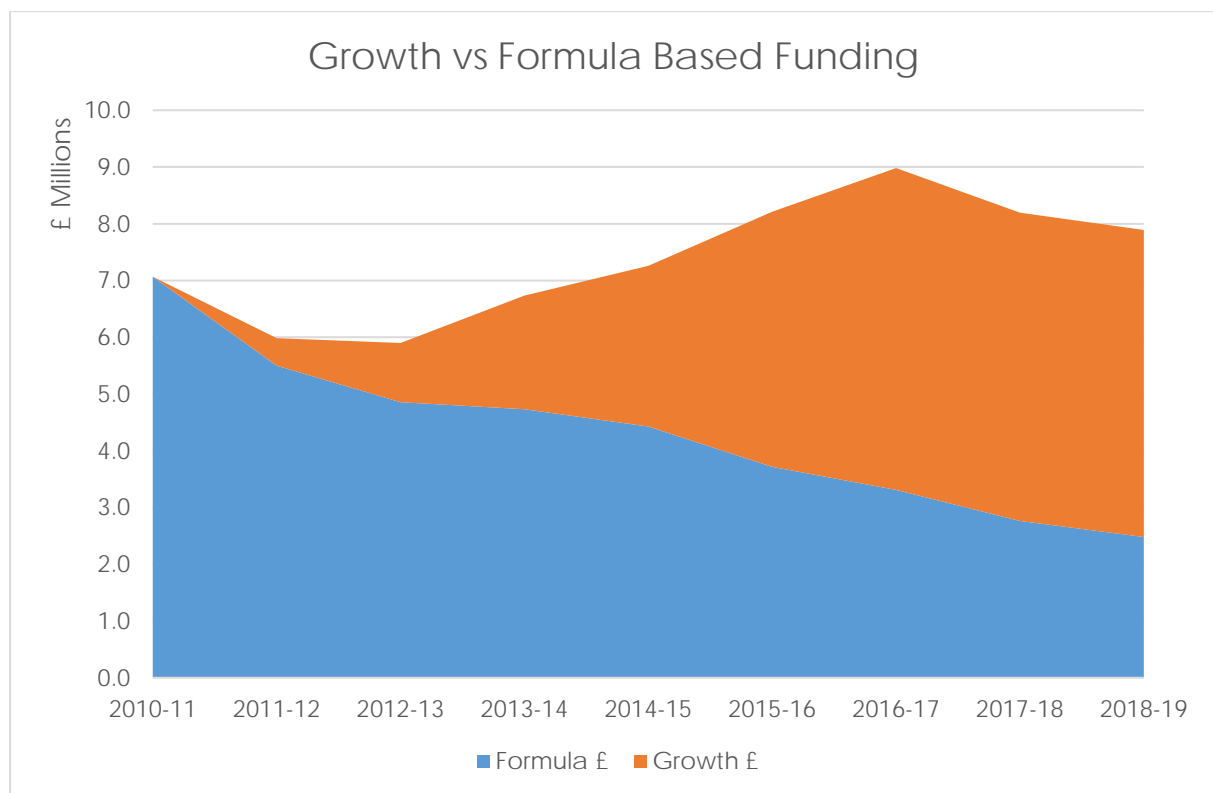
Local authorities have taken the biggest hit in terms of central government cuts since 2010. The Council has seen significant reductions in some of its core funding streams since 2010, most notably Revenue Support Grant (RSG) which has reduced from £3.2m in 2013/14 to £150,000 in 2018/19.

Not only has the quantum of funding reduced across local government but so has the composition and the basis upon which it is allocated. In 2011/12 government



introduced the New Homes Bonus (NHB) and the Retained Business Rates system both with the underlying objective to incentivise local authorities to generate economic growth in their localities. These new growth incentivising schemes differed to previous formula based funding streams, such as RSG, that distributed funding based on need and local resources. Further detail of how both schemes work is provided in section 3.

The chart below illustrates how significant this shift in funding methodology has been. The chart shows how the Council’s “going for growth” agenda has led to growth based funded schemes, such as NHB making up an increasing proportion of the Council’s funding base. Whilst, formula based allocations, such as RSG, have reduced during the same period.

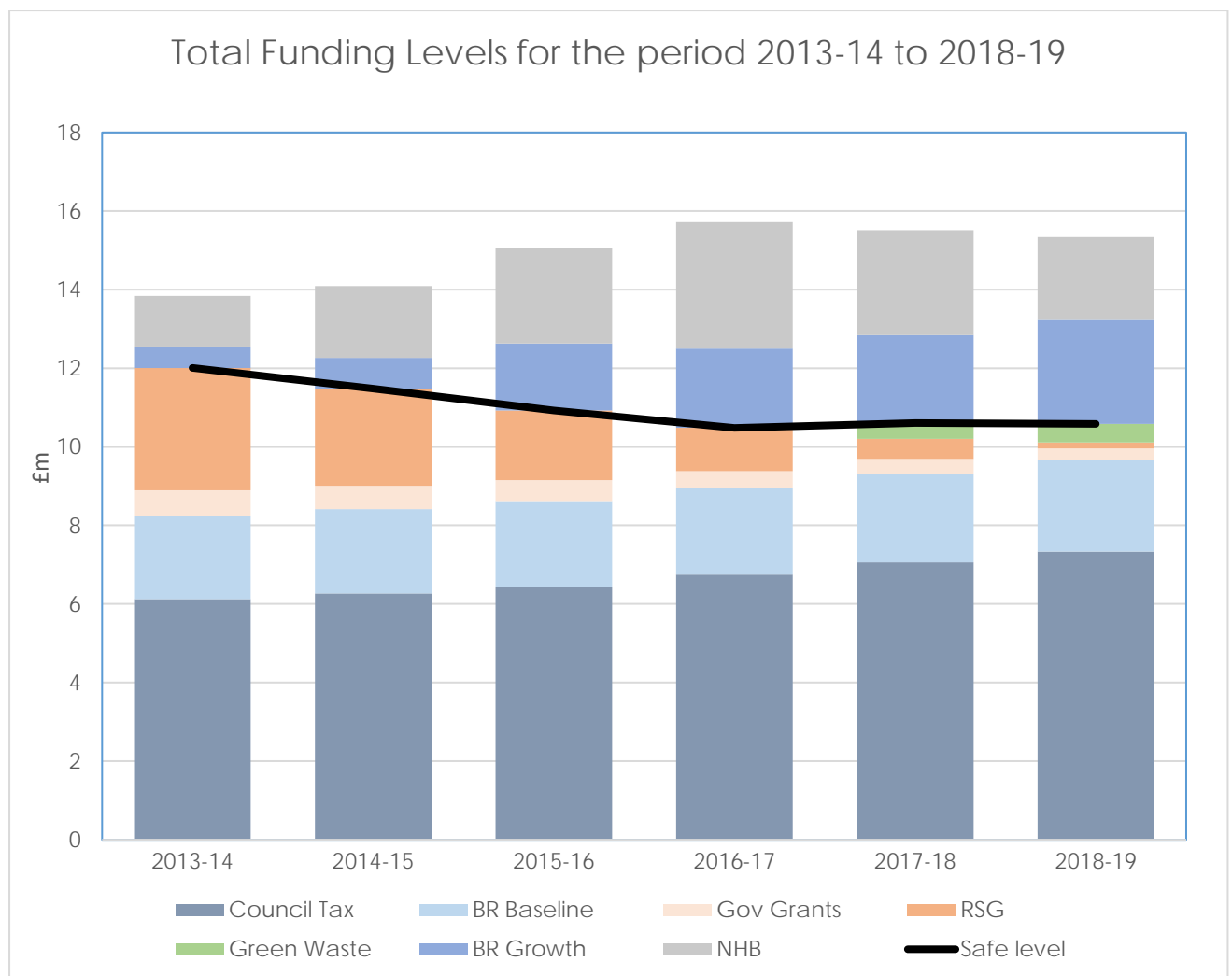


Whilst NHB and retained business rates have been financially rewarding for the Council, both schemes are subject to more risk than traditional formula based allocations. Key risk factors include government policy changes and the state of the national economy, both of which are largely outside of the Council’s control or influence.



With reference to the risk of policy changes to the local government finance system, alongside the 2016/17 Local Government Finance Settlement, the Government announced the 'Fair Funding Review' that will address concerns about the fairness of current funding distributions. More detail is provided in section 3.3 about how this review may affect the Council's business rates allocations.

The chart below shows how the Council's net expenditure has been financed between 2013/14 and 2018/19. The 'safe level' line distinguishes those income sources relatively certain or within the Council's control and those which are exposed to more risk.





Above the 'safe level' line are income sources more at risk, being income from NHB and the additional growth that has been generated from business rates. Below the line are the more certain allocations, such as council tax and business rates baseline income.

To achieve financial self-sufficiency the council will need to reduce the reliance of these riskier funding streams in our base budget. This strategy explains how the Council will adapt these more uncertain funding streams to start to create our own certainty within this unstable finance environment.

2.2 HRA Policy Issues

On 19 June 2017 the Government launched a Housing Green Paper in the aftermath of the Grenfell Tower fire. A wide-ranging, top-to-bottom review of all the issues facing the social housing sector will include:

- The overall quality of social homes;
- Service management: the way social homes and their tenants are taken care of;
- The rights of tenants and how their voices can be better heard; and
- What can be done to ensure tenants complaints are taken seriously and dealt with properly, making sure that tenants have clear, timely avenues to seek redress when things do go wrong

As well as the above, many outstanding policy areas originating from the Welfare Reform and Work Act (2016) and the Housing and Planning Act (2016) have yet to be finalised. These include:

- Introduction of a High Value Asset levy on councils to fund the introduction of Right-to Buy proposals in the Housing Association sector – this had been deferred in 2017/18 and following an announcement in the budget to further trial the scheme is now not expected to commence prior to April 2019
- End of lifetime tenancies with a move to 2 to 5 year fixed term tenancies with some exceptions – the government had been ready to consult prior to the General Election but there has been no decision on an implementation date yet



The future of both policies will remain uncertain as their introduction depends on approval of regulations by Parliament where available time for debate is at a premium whilst Brexit negotiations are undertaken.

One area of policy uncertainty has now been addressed, on 4th October 2017 the Department for Communities and Local Government (DCLG), now known as the Ministry of Housing, Communities and Local Government (MHCLG), announced that social landlords will be allowed to increase social housing rents "limited to the Consumer Price Index (CPI) plus 1% for 5 years from 2020." This represents a return to previous rent settlements, which was meant to run from 2015 to 2025 but was replaced with a 4-year reduction by 1% annually from 2016.

All of these policy changes and uncertainties will be reflected in the updating of the HRA Business Plan.

2.3 Organisational Transformation and Efficiency

The Council has a strong track-record of delivering organisational transformation and efficiency savings, to meet the challenges of the national deficit reduction programme. Through sound financial management and an embedded culture of organisational efficiency, as demonstrated through our service reviews and systems thinking methodology, the Council has protected front-line services, invested in major assets such as a new leisure centre, crematorium and the World Rugby Hall of Fame, whilst also keeping council tax low for residents.

Some of the most notable savings achieved in recent years include:

- **Restructure of the Senior Management Team**, moving from two Executive Directors and six Heads of Service to one Executive Director and four Heads of Service, resulting in savings of approximately £200,000 per year for the General Fund
- **Voluntary redundancies from nine officers** were accepted, at a cost of £205,000, but providing annual year-on-year savings of £222,000 and therefore paying back the initial costs within twelve months.

In addition, the Council's Digitalisation transformation project is underway, which will harness improved use of IT for delivering services to our customers and improving efficiency. Examples of initiatives underway include the introduction of "route optimisation" software, for the waste service and the use of electronic forms for Benefit



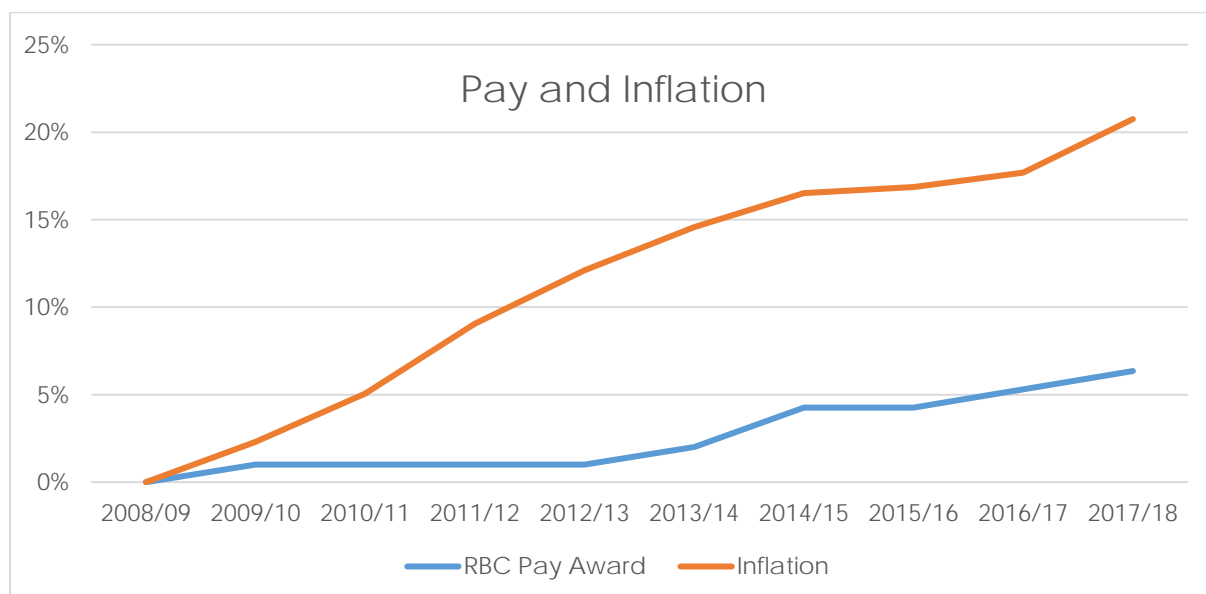
claims. Across the medium-term it is expected that digitalisation will produce annual efficiency savings for the Council in the region of £250,000.

The Council is also continuing to explore opportunities for income generation and alternative service delivery models including commercial opportunities, social enterprises and trusts. Within the 2018-22 Medium Term Financial Plan (MTFP) a prudent £200,000 is programmed in for achievement from such sources from 2019/20.

The Council’s major success to date on the income generation front has been the introduction of a charged for garden waste collection service from the 1st April 2017/18. The budget forecast for 2017/18 was based on 10,000 subscriptions providing an income of £400,000 for the Council. However, by the end of December 2017 more than 22,000 residents had subscribed to the garden waste collection service, generating an income of almost than £900,000. The 2017/18 budget was based on a subscription take up of 25%, equating to approximately 11,000 homes, with staggered increases across the MTFP rising to 52.5% in 2020/21. Therefore, this higher than expected take-up in 2017/18 has brought the income in-line with where it had forecast to be by the third year of operation. Whilst further significant increases in take-up are not programmed in the MTFP, maintaining this current level of subscription will aid the Council’s financial sustainability.

2.4 Pay

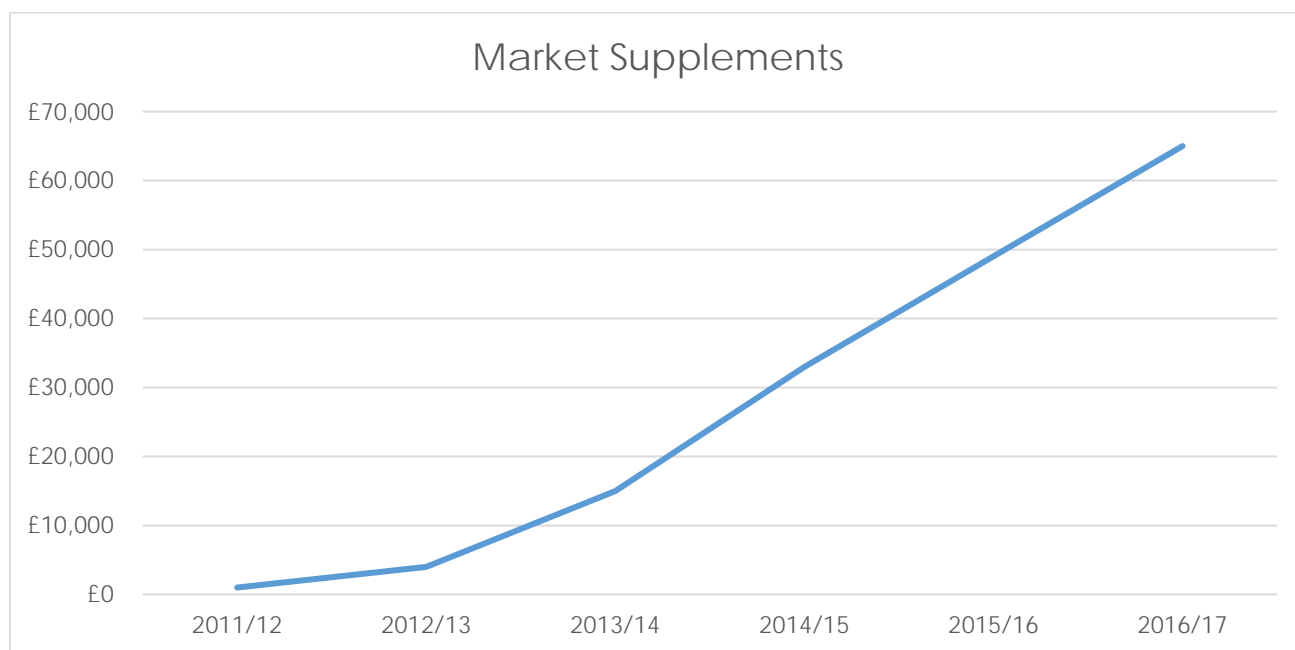
In addition to the savings identified above, expenditure pressures have also been mitigated by pay control over this period, with pay freezes or below inflation increases.





The chart shows how pay and general prices have increased since the financial crisis in 2008, with a 21% increase in prices (as measured by the Consumer Price Index including owner occupiers housing costs (CPIH) index) and a 6% cumulative increase in pay. This relatively lower increase in pay has eased pressures on the Council's finances during this period of reducing finances, for instance had pay tracked inflation since 2008 then the Council's general fund salary costs would be approximately £1.9 million higher in 2017 and the HRA's would be £425,000.

However, it has led to a 15% real terms reduction in earnings during this period. The effect of this restraint can be seen in an increase in the volume and value of market supplements paid. The chart below shows how the total value of the allocation of market supplements has increased in recent years.



These increases have occurred as improvements in the labour market across the wider economy have driven up salaries for certain professions. Consequently, the Council has seen an increase in employee turnover and it has been necessary to offer more market supplements to recruit and retain staff, particularly for those roles that are not local government specific.

In addition, the Council's positioning as a lower quartile paying authority is a contributory factor to some of the recruitment and retention issues that have been experienced.



Financially, the Council has benefited from this pay position during the economic downturn, alongside overall pay restraint. However, now that the market has strengthened it is starting to become problematic and the organisation is finding necessary to undertake multiple recruitment campaigns for some posts, because the quality of candidates needed are not always attracted in certain roles.

Finally in relation to pay, as reported during the 2018/19 budget setting process, national consultation is underway on the options to incorporate the National Living Wage into the pay-scales alongside a harmonisation of the differentials on the scale-points. It is anticipated that an on-going pressure of approximately £130,000 will be borne by the Council should the preferred option be adopted; however this pressure has already been recognised in the MTFP 2018-22.

2.5 Brexit

It should be noted that the Council has no direct exposure to loss of funding from the European Union. However, the outcome of Brexit and the consequent wider impact upon the UK economy remains uncertain. The availability of total funding for local government is influenced by the state of the economy and the condition of national finances, which to an unknown direction and magnitude could be affected by the outcome of Brexit. Moreover, given the Council's increasing reliance on growth backed funding allocations, the outcome of Brexit may pose an increased risk to the income from these schemes.

2.6 Demography

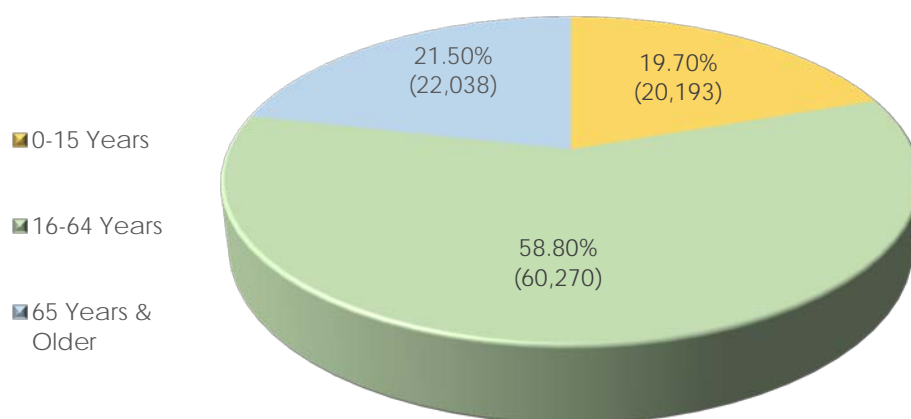
Population Growth

Office for National Statistics Mid-year estimates for 2014¹ reported that Rugby's estimated population was 102,500, with the age profile as presented below. Rugby borough is one of the fastest growing in England, with further growth expected with the delivery of Houlton, a new community development on the site of the old Rugby Radio Station.

¹Office for National Statistics. (2014). 2014 mid-year population estimates. (www.ons.gov.uk)



Composition of Rugby Population



The Office for National Statistics provides a set of population projections from 2012 up to 2037, at local authority level². The projections are based on the 2012 mid-year population estimates, in addition to a set of underlying demographic assumptions (births, deaths, migration) based on local trends. **Rugby Borough is projected to have highest rates of population growth, across all the districts and boroughs in Warwickshire. This reflects higher levels of development over recent years continuing, with an expectation the population will grow by 19% over this 25-year period.** Rugby Borough is also projected to see a 26.9% or 11,000 increase in the number of households from 2012 to 2037, taking the total to over 53,000.

A growing population is likely to improve the productive capacity of the economy and grow the Council's business rates and council tax yields, however, it will increase demand for many of our services, such as waste collection and street cleansing and existing problems such as housing affordability may intensify as a result. For example, due to the increase in the number of homes in the borough, in 2015/16 it was necessary to introduce an additional household waste collection round at an annual cost of £250,000.

² Office for National Statistics. (2012). 2012-based Sub-National Population Projections. (www.ons.gov.uk)



Ageing Population

Population growth can be partially attributed to people living longer, with life expectancies in Warwickshire higher than both regional and national averages. However, it is projected that population change will be more heavily influenced by migration in the future³.

In line with national and regional trends, the number of adults aged 85+ is projected to increase significantly, with a 193% increase in the size of this demographic group. Whilst an ageing population can be thought of as positive, reflective of improved healthcare, this is also perhaps the largest demographic issue facing the country. This places a higher burden on the shrinking working age population, and leads to a number of challenges for public services, particularly around the Council's corporate priority to '*Enable our residents to live healthy, independent lives*'. The Council's housing services, both Housing Revenue Account and General Fund, are likely to face increasing demand to meet the needs of this demographic group.

Whilst an ageing population can present challenges to service delivery, it also presents opportunities to the wider economy and local communities. Many people are now working longer, with 1 million people over 65 in the UK workforce and their expertise can bring benefits to the workplace. A 2013 study commissioned by Scottish Widows found one in twenty people were starting their own business after they had retired⁴.

Data from the English Longitude Study of Ageing conducted in 2008-09⁵, found that just over a quarter of women aged 60 or over and men aged 65 or over said they were involved in voluntary work.

Such volunteering can provide a direct benefit for service delivery for the Council. For example, the Parks and Open Spaces service is seeing an increasing trend in volunteering and in 2017 the service benefited from over 10,000 hours of volunteering.

³ Warwickshire Observatory. (2016). 2015/16 Quality of Life Report. (www.warwickshireobservatory.org)

⁴ Scottish Widows. (2013). Retirement Revolution. (www.scottishwidows.co.uk)

⁵ Royal Voluntary Service. (2009). The impact of volunteering on wellbeing in later life. (www.royalvoluntaryservice.org.uk)



A Healthy Population

Enabling our residents to live healthy, independent lives is one of the Council's overarching corporate priorities.

As of 2015/16 Public Health England identified⁶ that Rugby has similar health outcomes for adults when compared to the benchmark of England. Only 64.6% of adults in Rugby attain the recommended guidelines of 150 minutes physical activity each week, 0.3% less than the national average. With regards to obesity levels, 60.2% of adults are classified as overweight or obese.

Childhood obesity rates exponentially increase from Reception to Year 6, nationally the number of overweight children between these two age groups trebles. The data set is from 2016/17, so slightly more up-to-date than adult data, and again health outcomes are similar to the national average.

12.4% of reception children are classified as overweight whilst 9.3% are obese however, in Year 6 this increases to 16% and 18.9% as overweight and obese, respectively. At Reception and Year 6, children in the poorest decile are almost twice as likely to be obese compared those in the most affluent decile⁷.

The Department of Health have calculated that the direct cost of obesity to the NHS is estimated to be £4.2 billion a year, this is for both adults and children. Unfortunately, data is not available on the financial costs this will have on Rugby or Warwickshire alone however, Public Health Warwickshire are in the process of calculating the return on investment and cost benefit analysis via Change Makers.

The Council dedicates a significant proportion of its expenditure to the health and wellbeing agenda. Gross expenditure on these priorities include, but are not limited to:

Service / Activity	Spend £'000	Commentary
The Queens Diamond Jubilee Leisure Centre	1,900	This is the approximate gross operating expenditure incurred by the centre operator. The Council receives a £300,000 management fee from the operator.
Disabled Facilities Grants	600	These grants pay towards the cost of providing adaptations and facilities to enable a disabled person to continue to live in their home.

⁶ Public Health England. (2017). Public Health Outcomes Framework. <https://fingertips.phe.org.uk/profile/public-health-outcomes-framework>

⁷ Health & Social Care Information Centre (2015). Statistics on Obesity, Physical Activity and Diet.



		This scheme is partially funded by central government support
On-Track	189	Engaging with young people in diversionary activities through the medium of sports
Play Rangers	84	Programmes for 5 to 10 year olds for play and activity in the natural environment
Sport Development	42	Programmes focussed at improving well-being and activity of older people
Family Weight Management	145	Promoting healthy lifestyles with interventions targeted specific groups
Leisure and Community Grants	190	The Council awards grants to a number of voluntary and community organisations, to improve health and well-being within our communities.

Despite the positive influence of these initiatives, there is still more work to be done in terms of cross sector working with partner agencies across Warwickshire. **To improve health and wellbeing outcomes for Rugby residents, the Council will continue to look for further engagement and funding from those organisations with a public health responsibility to invest in preventative measures that are likely to be delivered by organisations such as ourselves.**

Diversity

The projections suggest migration will be the leading driver of population growth in Rugby by 2027. The projections also indicate that it is internal migration, rather than international migration that will cause this increase⁸.

Rugby is the most diverse borough in Warwickshire, according to the 2011 Census, 7% of residents in Rugby Borough do not have English as a main language, compared with just 1% of residents in North Warwickshire Borough. Again, meeting the needs and ensuring our services are accessible to this customer group places an additional demand on the Council's finances. On an annual basis the Council invests approximately £30,000 in community services and other initiatives, including translation services, to support these groups.

⁸ Warwickshire Observatory. (2016). 2015/16 Quality of Life Report. (www.warwickshireobservatory.org)



Rurality

Rugby Borough also has a mix of urban and rural settlements within its boundaries. Both rural and urban settlement types bring their own set of challenges for service provision, whether that be that the delivery of environmental, recreational or cultural services. Although Rugby Borough is classified as 'significantly rural' by the Rural Services Network (RSN) it has not qualified for additional Rural Service Delivery Grant sparsity funding, nor it is classed to have high enough measures of deprivation to receive specific funding that many urban authorities benefit from. This means that Rugby does not attract dedicated funding to help tackle some of the varied but specific problems faced by our rural and urban communities.

2.7 Welfare reform

The roll out of Universal Credit (UC) has contributed to an increase in the number of our tenants in arrears, due to the time it is taking for Department for Work and Pensions (DWP) to process the claims. There were approximately 400 tenants in receipt of universal credit at the end of March 2017 and the rent arrears exceeded total £330,000.

Overpayments in Housing Benefit (HB) can result from timing delays in the reporting of changed circumstances and previously calculated payments being made. The Council currently collects overpayments of HB from claimants ongoing entitlement, but when a customer transfers onto UC the overpayments are ranked 18th in order of debt priority and therefore it will become more difficult to collect debts directly from payment of UC.

Aside from the demographic pressures previously mentioned and the consequent general impact on services, demand has been particularly acute across housing services both for the HRA and General Fund housing services.

Homelessness represents an increasing service and financial pressure for the Council. Historically the Council has used Bed and Breakfast to house the homeless in need of temporary accommodation. However, with increasing number of individuals to house this is becoming an unaffordable option and other alternatives are now being utilised.

To mitigate this pressure, the Council leased its first Private Sector Leasing (PSL) scheme property via a private landlord in June 2016. Since then 25 units of private sector accommodation have been secured, which will house local people in housing need.



The Council is continuing to expand this initiative and by the summer of 2018 it is expected the PSL portfolio will be nearer 40 units.

As the Council reduces its reliance for Bed and Breakfast accommodation for homelessness placement the Council will see a decrease in related expenditure and Benefit Subsidy received relating to this type of temporary accommodation.

However, fundamentally the Council will see a significant reduction in the level of Benefit subsidy received, relating to the use of Bed & Breakfast, due to the change from Housing Benefit to UC. The reduced central government Local Housing Allowance (LHA) rate means less income is received per case in comparison to higher rates available from Housing Benefits.

Overall there will be a net financial pressure of approximately £73,000 for 2018/19 due to these issues.

3. Financial Self-Sufficiency

As explained above, the Corporate Strategy sets out the Council's objective to achieve financial self-sufficiency by 2020. This has been defined as:

It is necessary to remove reliance on arbitrary funding from central government, which does not sufficiently keep pace with changes in local factors and the needs of the population. Instead, sources of income for the Council need to result from decisions the organisation makes; be that from service charges, local taxation, economic growth or investment income. Alongside income, it is equally important to be able to directly control the Council's expenditure; by reducing exposure to changes from other organisations and ensuring procurement is smart.

The following sections will set out how the Council plans to achieve this objective, including options to optimise income and identify new revenue opportunities and reduce our reliance on riskier funding streams within our base budget.

3.1 Commercialisation and Income Generation

Studies undertaken across the region have identified the Council is in amongst the lower-quartile of local authorities in terms of the level of fees and charges generated as a proportion of the total expenditure incurred. Fees and charges support only



approximately 10% of the Council's service expenditure, in comparison to nearly 27% by authorities in the top-quartile. The phasing out of "core" grants highlights the importance to become more commercial in our approach and maximise income.

In 2018, the Council will publish its Commercial Strategy that will set the framework, with defined objectives, for commercial activity including existing activity and projects for the delivery of new commercial activity. It will be essential that the Council continues to consider the availability of resources, both financial and human, across the medium-term to ensure the deliver the commercial strategy.

Whilst the Commercial Strategy is being implemented, it is important that the Council continues to review its existing fees and charges. The Council has adopted a two-stage review of fees and charges which is incorporated into the annual budget process. The process is designed such that at stage one service managers identify the charging approach that is most appropriate for the service and this is subsequently followed by critical challenge of the proposed charge by Financial Services at the second stage of the review.

The purpose of these reviews is to ensure a rigorous and critical approach to the setting of fees and charges and achieve optimisation of service income. The outputs of the reviews should deliver:

- Making changes to existing fees and charges where appropriate;
- Introducing new fees/charges where appropriate;
- Better understanding the value of the services currently provided; and
- Benchmarking our charges to other providers; both competitors and neighbours.

Analysis from the first two years of reviews have suggested that many of our fees and charges have remained set at historical levels for a substantial period.

To address this inertia it is proposed that, as a default, **all locally set fees and charges will be increased annually by an appropriate measure of inflation**, unless the service has exceptional circumstances and a solid business case to do otherwise.

To facilitate this change in policy, and allow sufficient time for scrutiny, a report will be submitted to Cabinet early in the budget setting process each year to approve the proposed increases for the forthcoming year.



Policy:

- Consideration of resource availability, both financial and human, across the medium-term to implement the Council's Commercial Strategy;
- Fees and charges continue to be reviewed annually; and
- As default all locally set fees and charges will be increased by inflation, with the increases and exceptions approved by Cabinet.

3.2 Corporate Income

The Council's three core corporate income streams that support the General Fund Budget are:

- Retained Business Rates
- New Homes Bonus
- Council Tax

As explained earlier in the report, whilst the Council has benefited from increased income from NHB and business rates these two schemes are more inherently risky than traditional local funding allocations. Therefore, to achieve financial self-sufficiency the organisation will need to reduce the reliance of these riskier funding streams in our base budget.

The following sections set out the Financial policies the Council will adopt to achieve this alongside other policy considerations for these corporate income streams.

3.3 Retained Business Rates

How the current system works

Councils retain up to half of the rates revenue raised from businesses in their local area, with the remainder retained centrally by the government. In a two-tier area, such as Warwickshire, the money is split with the county council receiving 10% of the rates and Rugby Borough retaining 40%.

When the system was introduced, the government had stated an intention to ensure that each local authority's allocation for the first year (2013/14) was similar to what it would have received in that year had the previous Formula Grant system continued. For this it calculated for each individual local authority a 'funding baseline', largely



based on the previous formula grant system. It also calculated a 'business rates baseline' based on the average of business rates collected in the two years prior (2011/12 & 2012/13). Where an authority's business rates baseline exceeds its funding baseline, they pay the difference to central government as a tariff, which is used to pay for a top-up for authorities whose funding baseline is less than its business rates baseline. These tariffs and top-ups are updated each year by the business rates multiplier, in-line with inflation.

For Rugby Borough Council our funding baseline for 2018/19 is £2.3m and our business rate baseline is £15.0m, so the Council pays a tariff of £12.7m (£15.0m - £2.3m).

Councils also keep up to 50% of growth in their business rate receipts arising from new or expanding businesses. Local authorities which pay tariffs are also liable to pay a levy of up to half of this type of growth. Levy revenue is then used to fund the safety net system to protect those councils that fall below their funding baseline. As previously mentioned, Rugby has experienced substantial growth of £5.4m above the baseline since the system was introduced. This growth is subject to a 50% levy payment, so only £2.7m of the £5.4m is retained by the Council. After this some other adjustments are made for S106 grants and the benefit of pooling, which total £400,000.

Therefore, our retained business rates budget for 2017/18 is £5.4m, which equals the funding baseline of £2.3m, plus retained growth of £2.7m and other adjustments of £400,000.

The Government's stated intention is that they will otherwise stay fixed until the reset in 2020.

Future development

The previous government had set out plans to allow local government as a sector to retain 100% of business rates from 2019/20. However, following the General Election in June, the plans for 100% rate retention were placed on hold, whilst options for proceeding without primary legislation were being reviewed.

Subsequently, the Secretary for State announced in the 2018/19 local government settlement that local share of growth retained under the system will increase from 50% to 75% by 2020/21. This increase in the growth retention rate will be enabled by the transfer of Public Health and other grants into the retention system.

The Government has reiterated its intention to reach full 100% retention in the future, however to ensure the system remains 'fiscally neutral' for the Government new or



additional responsibilities would have to be devolved to local government. Such devolution requires primary legislation, which due to the current lack of parliamentary capacity will not be feasible in the medium-term.

However, the main financial risk the Council and the sector as a whole faces is not when or whether 100% business rates system is implemented, but an impending reset of the current system. The reset presents twin risks, specific to the resets of both the 'funding baseline' and the 'business rates baseline'. These risks are expanded in the following sections.

Funding Baselines and the Fair Funding Review

Funding baselines for local authorities are based on an assessment of local authorities' relative needs and resources. These funding baselines have previously been delivered through both RSG and retained business rates, but with RSG due to end in the near term these funding baselines will be allocated solely through business rates in the long term. The methodology behind the funding allocations were introduced over ten years ago, and has not been updated since the introduction of the 50% business rates retention system in 2013/14.

Since that time, demographic pressures have affected local areas in different ways, as has the cost of providing particular services. In recognition of these pressures, the Government last year announced a review to address concerns about the fairness of current funding distributions. The outcome of this review will enable the Government to reconsider how the relative needs and resources of local authorities should be assessed in a world in which they will continue to have greater control over the money that they raise.

The design of this system or the direction and magnitude of the reallocation of funding will not be known until the outcome of the review, but it is anticipated the review will indicate the need to shift resources towards authorities with adult social care responsibilities. As set out above, the Council's funding baseline for 2018/19 is £2.3m and as such this amount of funding is at risk from the outcome of the Fair Funding Review.

Business Rates Baseline Reset

Rugby Borough Council is a pro-growth authority and has taken a proactive approach to generate growth in the local economy. **Therefore, being significantly above our business rates baseline level, the likelihood of a baseline reset in 2020/2021 remains**

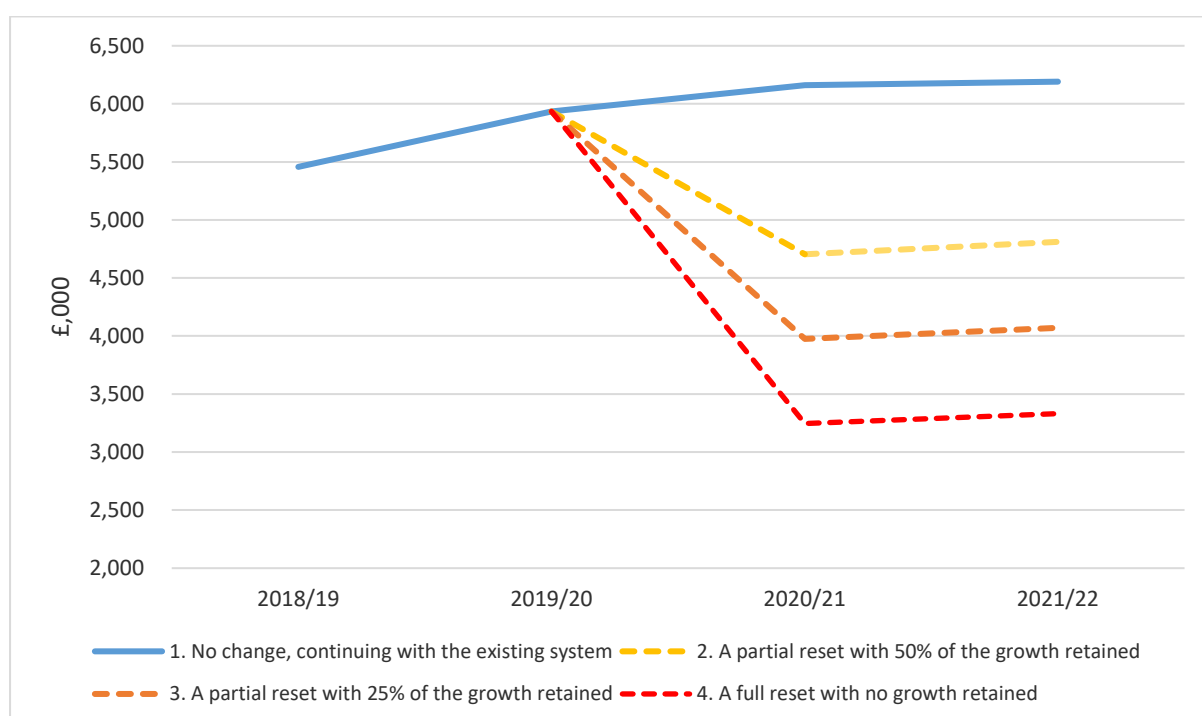


the factor with the potential to have the largest financial impact on the Council. The Government has previously consulted on a partial reset but the Council has since been advised that the Government are actively considering a full 100% baseline reset in 2020/21.

Officers have taken advice from the Chartered Institute of Public Finance and Accountancy's (CIPFA) Funding Advisory Service to model what a partial or full reset of the 'business rate baseline' might look like in 2020/21.

The table and chart below shows the implications of the income from retained business rates under some varying potential scenarios.

	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
1. No change, continuing with the existing system	5.459	5.934	6.162	6.191
2. A partial reset with 50% of the growth retained	5.459	5.934	4.704	4.811
3. A partial reset with 25% of the growth retained	5.459	5.934	3.975	4.071
4. A full reset with no growth retained	5.459	5.934	3.246	3.331





The Council has lobbied government firmly on our view that growth should be retained by the authority for longer than the reset period.

Whatever method is used to arrive at new formulae, it is hoped that councils are given time to adjust to changes in their level of funding, using damping mechanisms to ensure no local authority would see their funding increase or fall by more than a set amount each year. **Until this is confirmed the financial outcome of a reset without any such protection will be presented.** The above projections also only show the impact of a 'business rates baseline' reset and do not consider the possible financial implications of a 'funding baseline' reset.

Rugby Borough Council's Policy Approach

To mitigate the income volatility shown above and prepare for the reset, it is proposed to set a sustainable income position for business rates across the medium-term.

It is proposed that this smoothing of the budget position be facilitated by contributing to the budget equalisation reserve in the first two years of the medium-term plan. This will taper the net budget reductions caused by the reset and prevent a cliff-edge drop in the net budget at 2020/21.

For 2018/19 a sustainable budget position has been assessed equivalent to the income the Council will receive in 2020/21 if a partial reset is implemented where 50% of the growth can be retained. This is the most favourable scenario of the three reset options that have been modelled and therefore this has been considered a reasonable and prudent starting point.

For 2019/20 the income budget has been set at the mid-point between the income received under the scenarios where 50% and 25% of growth are retained, providing a position where 37.5% of growth has been considered a sustainable position.

Beyond the reset, it is **proposed to gradually reduce and taper the amount of business rates growth included in the base budget, with the long-term aim of only including an amount equivalent to the 'funding baseline' in the base budget.** This will help us to meet our objective of becoming financially self-sufficient by reducing the reliance in the base budget of funding that can be subject to arbitrary changes from central government.

Beyond the reset, **it is proposed that growth retained above the funding baseline is utilised to make revenue contributions to finance capital or one-off expenditure,** to reduce the extent of borrowing for the General Fund capital programme. As



explained in more detail in section 4.4, approximately £2.4million or 16.4% of the Council's General Fund revenue budget is committed to debt repayments and associated interest costs. Moving to this funding model would significantly reduce the amount of interest costs that the Council pays and as such provide more capacity and flexibility within our revenue budget.

Policy

- The net income budget for business rates will be budgeted as follows:
 - 2018/19 – equivalent to 2020/21 income levels with 50% growth retention
 - 2019/20 – equivalent to 2020/21 income levels with 37.5% growth retention;
- Beyond the reset, it is proposed to gradually reduce the amount of business rates growth included in the base budget, with the long-term aim of only budgeting at the 'funding baseline' in the base budget; and
- After the reset all growth retained above the funding baseline is utilised to make revenue contributions to finance capital expenditure

3.4 New Homes Bonus

Background

The government set out the rationale for New Homes Bonus (NHB) to incentivise local authorities to encourage new homes locally by contributing to visible benefits for local communities and countering resistance to growth in housing.

NHB is a non-ring-fenced payment the Ministry of Housing, Communities & Local Government (MHCLG) has paid, since April 2011, to local authorities for every home added to their council tax register.

Initially the MHCLG paid an amount equivalent to the national average for that home's council tax band every year for six years. However, fundamental changes to the NHB scheme were announced within the 2017/18 Local Government Finance Settlement. Including a reduction in the number of years that NHB is allocated for, reducing from 6 years to 4 years, and the introduction of a "deadweight" factor that means that NHB will not be received for approximately the first 150 homes that are delivered each year in Rugby; this is equivalent to a 0.4% baseline.



Consequently, Rugby stands to lose approximately £3.8m over the remaining three years of the settlement period, compared to the initial scheme design.

Future Development

In the 2018/19 finance settlement the Secretary of State announced that there would be no changes to the scheme in the forthcoming year. However, assurance was not given beyond 2018/19 and as such the Council still faces risks from future potential changes to the scheme. Informal discussions across the sector have intimated that the baseline may be increased to 0.7%. The table below presents the loss of income if the baseline was increased from 0.4% to 0.7%.

	0.4% Baseline	0.7% Baseline	NHB Loss
2019/20	2,472,958	1,710,323	-762,635
2020/21	2,968,230	1,799,559	-1,168,671
2021/22	4,027,050	2,430,399	-1,596,651

The Council's NHB Policy

For the same reasons explained above for business rates, to achieve financial self-sufficiency, the organisation will need to taper its reliance within our core income budget. It is proposed that the Council move to an approach where **a proportion of the Council's NHB allocations be withdrawn from the base budget by the 2020, with the monies ring-fenced for revenue contributions to capital expenditure** to reduce the reliance on borrowing to finance the General Fund capital programme.

Policy

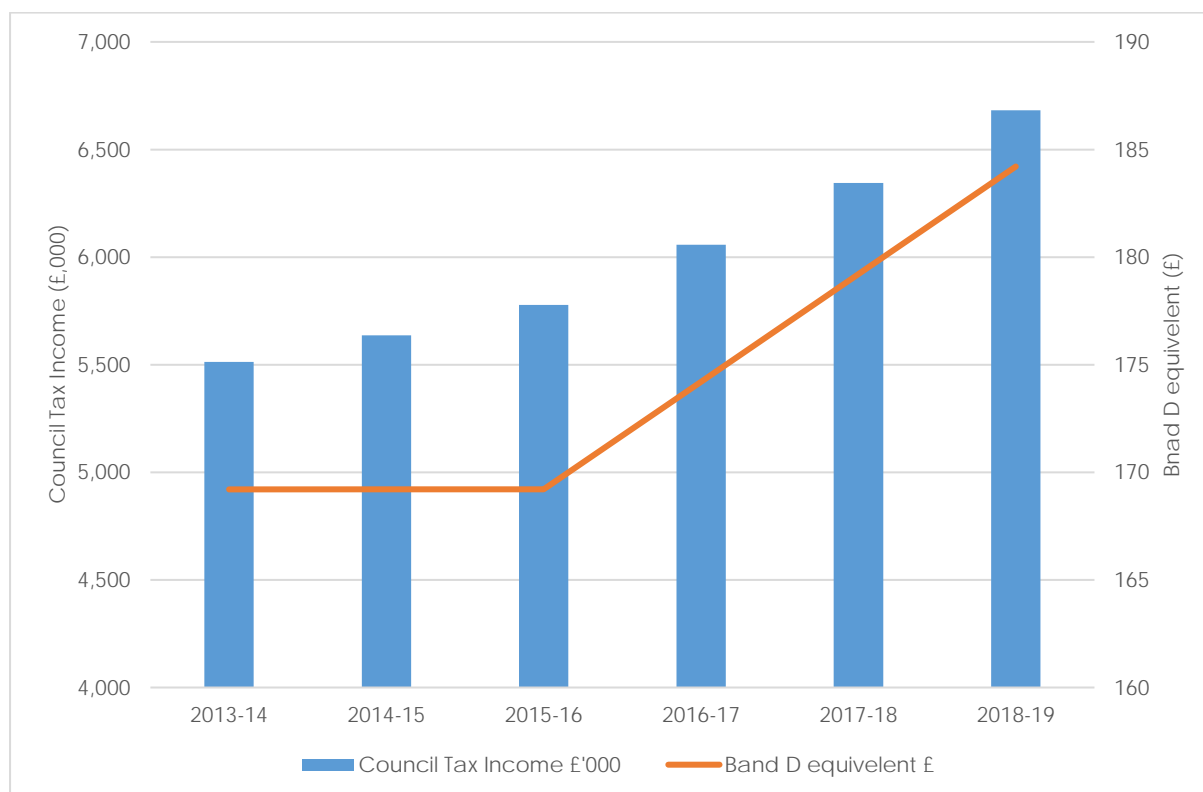
A proportion of the Council's NHB allocations be withdrawn from the base budget by the 2020, with the monies ring-fenced for revenue contributions to capital expenditure.



3.5 Council Tax

The following table and chart shows the amount of council tax income since 2013/14.

	Council Tax Income £'000	Band D equivalent £	Taxbase
2013/14	5,512	169.21	32,577
2014/15	5,637	169.21	33,312
2015/16	5,777	169.21	34,142
2016/17	6,058	174.21	34,771
2017/18	6,344	179.21	35,400
2018/19	6,682	184.21	36,271



The table and chart show strong growth in the council tax yield over the period, with income rising by £1.2million or 21%. This is due to both a strong 11% increase in the taxbase, coupled with moderate increases in the Band D equivalent since 2016/17.



The Government has retained the potential to use their capping powers. The Localism Act includes the requirement for a referendum should a council tax increase be “excessive”.

In the 2018/19 local government finance settlement the Secretary of State announced that Council’s would be allowed to increase their council tax requirement by 3% without triggering a referendum. Previously for districts this limit has been the higher of 2% or £5.

The increase in referenda threshold in recent years marks a clear change in policy in the way that council tax increases are viewed by the Government. Previous government had strongly incentivised Council’s to keep council tax low, with lower referenda thresholds and the award of Council Tax Freeze Grant. However, the loosening of thresholds has been accompanied in a change of government rhetoric and policy position. For example, the maximum increases have been incorporated in to the Government’s own published figures for local government funding. Also, the Government has stated that the rationale for the increase in the limit is to allow council tax increases to keep track with inflation, which again indicates that cash increases are being viewed as favourable and necessary by government.

It is also worth noting that there is a wide range of Band D council tax equivalents across the district councils, with the highest in 2017/18 being £341.76 and the lowest £80.46. For context, in 2017/18 Rugby’s was £179.21(including special expenses but excluding parish precepts) which was just above the median £172.86.

As such, the application of these limits has an uneven impact across authorities with a 3% increase equating to only £2.41 for the lowest Band D and £10.25 for the highest. As such district councils collectively have been lobbying for a removal of the 3% limit and to replace it with an absolute limit in the region of £7.50. For, context the threshold for Police and Crime Commissioners was set at £12 on a Band D in 2018/19.

Whilst the setting of council tax will always remain a political decision, **for financial planning purposes it is proposed the rate of increase will continue to be forecast at maximum allowable increase** across the medium-term.

The other major factor that affects the overall amount of council tax collected over the medium-term, is the change in the tax base during this period, which is largely determined by anticipated growth in house numbers. The medium-term forecasts for tax base growth are informed by the Housing Trajectory, which is developed by the Economic Development team.



The table below summarises this forecast.

	2017	2018	2019	2020
Growth in year	596	939	1,004	1,186

The other key factor that affects the council tax base and consequently the overall yield is the level of Council Tax Support provided to residents. In 2013/14 Council Tax Support was introduced as a replacement to Council Tax Benefit and the scheme works by offering eligible residents a discount on their council tax bill.

The financial implications of offering these discounts is a reduction in the overall council tax base. Since the scheme's inception, the economic climate has remained relatively stable, as has the number of claimants as a proportion of the overall tax base. However, should economic conditions deteriorate either nationally or locally, it is expected that therefore the number of eligible claimants would increase and conversely the tax base and yield would reduce.

Therefore, on an annual basis the Council will review the Council Tax Reduction scheme to ensure it remains affordable. Measures that the Council can consider achieving this include reducing the amount of support available or the distribution of discounts payable, whilst closely analysing the associated impact for customers. Further consideration will also be given to establishing an earmarked reserve to mitigate possible reduction in the council tax base due to changes in economic conditions

Policy

To summarise, the Council financial planning policy in relation to council tax is to:

- Project increases in the council tax rate in-line with the maximum allowable increase;
- Forecast council tax base increases based on the housing trajectory;
- Annually consider the affordability of the Council Tax Support scheme depending on economic conditions and other factors;
- Set up a reserve to mitigate possible reduction in the council tax base due to change in economic conditions; and
- Aim to set council tax so that there is a nil surplus or deficit on the collection fund.



3.6 Negative Revenue Support Grant (RSG)

In addition to the above income streams, the Council has historically funded its services from the core RSG. As previously mentioned these allocations have reduced significantly in recent years, and the Council will only receive £150,000 in 2018/19 and nil beyond this.

What is of significant concern however, is that under the existing funding settlement the Council will soon be required to make negative RSG payments to central government. In 2019/20 the payment is forecast to be £250,000 and in 2021/21 the forecast is £350,000.

In the 2018/19 finance settlement the Minister for Housing, Communities and Local of state responded to the sectors concerns about negative RSG. In his statement he said that *"I do recognise the strength of feeling in local government around this issue. So, I can confirm that my department will be looking at fair and affordable options for dealing with negative RSG and we will formally consult on proposals in the spring"*.

The Council will continue to respond to any consultations on this topic.

4. Delivering excellent value for money services

This section sets out the strategy for addressing the second overarching corporate priority.

4.1 Approach to budgeting

Like many authorities, the Council has taken a traditional incremental approach to budgeting. Incremental budgeting uses the last year's budget as a starting point, and makes incremental changes according to new legislative requirements, additional or reduced resources, service developments, anticipated inflation and labour costs. This approach has helped Rugby to make significant savings to date but it is less well suited to scrutinising the cost and effectiveness of spending overall.

It is essential that the Council strengthens its understanding of the cost of service delivery and scrutinise this within the context of the service benefits provided to customers.



A potential vehicle for delivering this enhanced service value analysis is the adoption of alternative financial planning models. Experience and research across the sector⁹ have identified potential benefits of implementing alternative budgeting approaches, such as:

- Better understanding of unit costs and the relationship between inputs, outputs and outcomes;
- Reduce costs by identifying budgets that do not add value or contribute enough to outcomes, simultaneously driving better outcomes by highlighting areas where investment can be more effective.

Further detail and findings from this research are presented at Annex 1.

Given the benefits and challenges of moving to an alternative model, **it is proposed the options for budget development are explored further by members and officers during 2018/19.**

However, embedding a new approach to budgeting would be a lengthy process that will incorporate substantial change to policy, practice and culture. In the interim it is important that the council further develops its understanding the cost of delivery those services. Therefore, in advance of the proposed review, **for the 2019/20 budget setting process a zero-based approach with outcome based budgeting elements will be trialled across a limited number of service areas.** These services areas will be identified and selected on a risk based approach, by considering factors such as; the total level of service spend, relative growth or savings in recent years, variance to prior year budgets, availability and quality of output and outcome data.

Policy

- It is proposed that options for budget development are explored further by members and officers; and
- zero-based approach with outcome based budgeting elements, across a limited number of service areas be trialled for the 2019/20 budget setting process.

⁹ New Local Government Network. (2014). Integrating financial and strategic planning for outcomes. (www.nlgn.org.uk)

Grant Thornton. (2017). All about outcomes based budgeting (www.grantthornton.co.uk)



4.2 Service Reviews

These alternative approaches to budgeting are closely aligned to the Systems Thinking methodology that the Council has used for many years to deliver improvements for its customers. This has helped the Council to operate as efficiently and effectively as possible whilst ensuring the customer is at the heart of service provision and delivery.

To ensure the momentum is not lost, it will be important to carry on reviewing our processes and where this methodology has not yet been implemented the Council should challenge services to explain why they have not carried out reviews or what they have done instead to drive continual improvement. The outcome of these reviews will also provide intelligence to target services that may be suitable for alternative budget approaches.

4.3 Operation of Financial Management and Control

The Council's budget setting and monitoring arrangements have historically been extensively centralised, with the Financial Services team responsible for practical completion of almost all aspects of the processes. The integrated budgeting module with our financial management system will 'go live' in 2018/19. This system change will facilitate the decentralisation of our financial management processes and allow Budget Officers to take greater control and ownership of their budgets, whilst still allowing Financial Services to retain the necessary degree of central control and co-ordination.

This represents a fundamental shift in the Council's approach to financial management, but one that provides the opportunity for the Financial Services team to move away from some tasks that are predominantly of a data and information management nature and concentrate on the provision of more value-added activities. The move towards this approach is essential to ensure the Council has a richer understanding of the relationship between our inputs, outputs and outcomes and that the Council is effective in the scrutiny of the effectiveness of cost and spending overall.



4.4 Reviewing Capital Investment Decisions

The Council's capital programme for 2017/18 is £5.4m for the General Fund and £14.4m for the HRA. The majority of this spend is comprised of the following key schemes:

General Fund	
Vehicles	£1,551,200
IT Refresh	£203,450
Open spaces refurbishment – Whitehall recreation ground	£489,130
Carbon management plan – installation of solar panels	£611,750
Disabled Facilities Grants	£539,360
Great central walk bridges	£530,200
HRA	
Cawston meadows – acquisition of 34 new units	£4,665,000
Purchase of council houses	£1,685,000
Window replacement	£2,828,180
Energy efficiency long lawford external cladding	£293,700
Energy efficiency external cladding phase 2	£900,000
Kitchen improvements	£707,120
Heating upgrades	£770,000
Bathrooms	£321,780

Business Case Methodology

A corporate approach must be taken to capital investment decisions with the allocation of resources, the whole-life cost and prioritisation of projects being fully justifiable in terms of the Council's objectives. To meet this requirement the capital investment proposals must be accompanied by a full business case, developed and appraised in-line with the HM Treasury's Five Case Model framework¹⁰.

The business case in support of a new policy, new strategy, new programme or new project must evidence:

- That the intervention is supported by a compelling **case for change** that provides holistic fit with other parts of the organisation and public sector– the "*strategic case*";
- That the intervention represents best **public value** – the "*economic case*";

¹⁰ HM Treasury. (2018). The Green Book. (www.gov.uk)



- That the proposed deal is attractive to the market place, can be procured and is **commercially viable** – the “*commercial case*”;
- That the proposed spend is **affordable** – the “*financial case*”; and
- That what is required from all parties is **achievable** – “*the management case*”.

Research by the Her Majesty’s Treasury (HMT) has shown that application of this methodology has been shown to:

- Reduce the costs and timescales associated with producing business cases and to improve the efficiency and throughput of the spending approval process through clearer structure and presentation;
- Raise the quality of spending proposals, both in terms of their scoping and delivery and public value, as a result of the more effective comparison of alternative options for the achievement of objectives;
- Support the prioritisation of spending proposals and the management of spending portfolios through provision of standard information.

Financing

Prior year budget update reports have already identified the extent to which the Council’s capital programme is financed by borrowing and that the Council’s current level of capital receipts is approximately £3.1m for the General Fund and £5.8m for the HRA.

The 2018/19 General Fund budget includes approximately £1.9m of revenue expenditure that will be incurred in relation to the Minimum Revenue Provision (MRP) for the repayment of borrowing undertaken to support capital expenditure and associated borrowing costs, which equates to approximately 13.2% of the Council’s net revenue budget. Furthermore, the Council also incurs approximately £470,000 of interest costs on this debt, which equates to 3.2% of the net revenue budget. Therefore £2.4million or 16.4% of the Council’s revenue budget is already committed to debt repayments and associated interest costs.

A significant proportion of this debt relates to funding the new Leisure Centre, for which the Council has benefitted by at least £500,000 per annum in reduced in management fees. Another substantial proportion of this debt relates to the Crematorium, which is significant income generating service.

However, as shown in the section above, much of the capital expenditure projected for the medium-term does not relate to income generating schemes, but schemes for the procurement of short life assets that are necessary to ensure the Council maintains operational services, for example replacement vehicles and IT equipment.



Considering this upward trend in revenue expenditure it is necessary for the Council to ensure all investment decisions are made on a sound basis and where possible consideration be given to alternative funding options.

Considering this, it is **proposed that a financing model is moved to where borrowing will only be used for longer life assets** where there is a solid financial case for doing so, either through delivery of additional savings or income generation. **Therefore, for all shorter life assets the Council will move across the medium-term to fund the expenditure from on-going revenue contributions.**

General Fund capital receipts will only be used to generate additional income for the Council, be that through investment interest earned on our cash holdings or income generated from capital investment projects that provide a positive financial return on investment. However, given the restrictions placed on the use of Right to Buy receipts by central government, receipts from Council house sales will be reinvested in a housing capital programme or used to improve and replace existing assets.

Policy

- Move to a financing model where short life assets are financed from revenue contributions;
- Longer life assets are financed from borrowing, but only where there is a strong business case for the investment;
- GF capital receipts be used solely to provide a financial return; and
- HRA capital receipts be invested in a housing programme or used to improve existing assets



5. Key Principles for Financial Management

To ensure the Council's financial resources are aligned to support the delivery of the Corporate Strategy the following principles will be embedded in to financial management over the life of this strategy:

General	
Conduct	The Council will conduct its financial management with integrity, probity and in accordance with the standards and expectations of a publicly funded body
Information	The Council will ensure that its published financial information is accurate, transparent, reliable and understandable
Balance	Maintain a balanced and sustainable General Fund and Housing Revenue Account budget, protecting front line service provision and minimising the impact on staff wherever possible
Optimise income and identify new revenue opportunities	
Commercial Approach	<p>To give our residents best value for money it is essential that income received for appropriate services is optimised. This means looking at the way services are delivered and how they are paid for.</p> <p>This will be facilitated by the adoption and implementation of the Council's Commercial Strategy and framework in 2018</p>



	Sufficient resources must be in place to support the move to a more commercial Council, with the objective of all commercial activity being self-funded by 2020
Fees and Charges Review	As part of the annual budget process, the Council will continue to consider its income generation opportunities by completing a two-stage review of fees and charges, as recommended by the scrutiny review of fees and charges in 2014/15, to ensure a rigorous and critical approach to the setting of fees and charges and achieve optimisation of service income;
Annual Increases	It is proposed that from 2018/19 onwards the Council will seek to increase its fees and charges annually by the rate of inflation (CPI) except where legal requirements, contractual obligations, market forces or other special circumstances render this inappropriate.
Debt Recovery	Maximise the Council's income with prompt recovery of debt
Ensure that the council works efficiently and effectively	
Approach	In this electronic age our digital technology must be fit for purpose. Savings have already been made from its use and the Council will continue to invest in new technology as it is



	<p>developed and our workforce will be continually trained to use all new methods of working.</p> <p>The Council will ensure that financial planning is robust and it continues to provide our residents with the best services at an affordable price.</p> <p>The Council will manage its assets efficiently and ensure they are utilised to bring maximum benefit for all.</p>
<p>Financial Planning</p>	<p>The Council will ensure that robust estimation techniques continue to be developed for financial planning purposes, for key activity income and expenditure items across the medium-term.</p> <p>Where relevant the Council will engage will external advisors to assist with the development of suitable financial planning models and assumptions. This is in particular regards to business rates and NHB, as these two income sources present the greatest financial risks and opportunities.</p> <p>To identify and consider at the earliest possible stage any financial pressures that the Council will face from continuing growth in the borough</p>
<p>Digitalisation</p>	<p>To continue with the IT transformation programme to release savings from fundamental changes to the way we work.</p>



<p>Service Reviews</p>	<p>Review our services to increase efficiency, remove waste and provide better value for money</p> <p>To continue with the momentum of service reviews to eliminate "waste demand"</p>
<p>Corporate Savings</p>	<p>To include appropriate amounts in the Council's revenue budgets for the achievement of corporate savings targets.</p>
<p>Keep tight control of our finances</p>	<p>Carry out regular budget monitoring, working closely with budget holders to highlight variances accurately, discuss corrective action and report to Management Team and Committees.</p> <p>If, because of in-year financial monitoring, it appears to the authority that there has been deterioration in its financial position, it will take corrective action/measures as are considered necessary to deal with the matter.</p> <p>It will hold its managers accountable for their overall budgets.</p>
<p>Assets</p>	<p>A corporate approach must be taken to capital investment decisions with the allocation of resources, the whole-life cost and prioritisation of projects being fully justifiable in terms of the Council's objectives.</p> <p>To meet this requirement the all capital investment proposals must be</p>



	<p>accompanied by a full business case, developed and appraised in-line with the HM Treasury's Five Case Model framework.</p>
<p>Procurement</p>	<p>The Council is actively working to modernise and streamline its current processes and procedures to achieve maximum efficiency.</p> <p>Our operating principles are to:</p> <ul style="list-style-type: none"> • Provide services that represent good value for money in procurement • Identify best practice in procurement and challenge current methods • Maximise local Social Value and Environmental Sustainability • Deliver efficiency savings both cashable and non-cashable • Be open to and seek opportunities for partnership or collaborative work with other authorities • Ensure Procurement is conducted within EU / UK legislation and is compliant
<p>Prioritise use of resources to meet changing customer needs and demands</p>	
<p>Approach</p>	<p>It is important that the council is up to date with modern ways of working. To this end the Council will ensure that it is a forward-looking organisation that provides for today and plans for the future. This will include working more closely with neighbouring authorities and</p>



	<p>forming partnerships with other organisations.</p>
<p>Delivery Models</p>	<p>The Council will continue to explore alternative means of service delivery including partnering, enabling, outsourcing, shared services, trading arrangements and will aim to make best use of IT and changes to our work processes to ensure cost effective, economic and efficient services are provided at the level the customer requires.</p>
<p>Partnerships</p>	<p>Plan and deliver services in partnership with other public sector organisations, including:</p> <ul style="list-style-type: none"> • Working with the Local Enterprise and Local Strategic Partnership and other regional partners • Work in partnership with other precepting bodies to understand the financial implications of any planned service changes • To increase the level of shared services and collaborative working where possible to achieve further efficiency savings • Consider shared procurement opportunities where better terms can be secured <p>In addition, the Council will seek to manage all its assets cost-effectively, including consideration of community or alternative third sector organisations asset transfers to achieve a local social, economic or environmental benefit</p>



<p>Risk Management</p>	<p>The Council will base its decisions on complete, reliable, timely financial information and after an evaluation of the risk implications.</p> <p>All reserves and balances will be held corporately to support the delivery of the Council's corporate priorities and an annual assessment of general balances will be undertaken at least annually to ensure that there are sufficient levels to mitigate future financial risks.</p> <p>Maintain a treasury management function that balances risk with maximising income</p>
<p>Staff Investment</p>	<p>The Council will seek to develop the workforce so staff have the right skills in the right roles to meet changing needs and demands.</p> <ul style="list-style-type: none"> • Hold central training and development budgets, available for all staff to access • Maximise the use of our apprentice levy contributions, to ensure value for money in the technical and professional development of our staff • Provide a range of affordable in-house training solutions to complement external training options



6. Risks and Reserves

It is considered prudent to hold sufficient reserves and balances to give the Council the ability to smooth out peaks in expenditure and troughs in income over the medium-term, by making short-term contributions towards balancing the budget and give the Council time to plan service changes and further efficiencies.

The Council's core General Fund reserves consist of General Fund Balances, the Business Rates Equalisation Reserve and the Budget Stability Reserve.

At Cabinet's meeting on the 30th October 2017 a risk assessment against General Fund balances was presented, considering various risks that may affect the Council's finances over the short to medium term to arrive at a recommended prudent level of balances of £1.95m. This assessment was revisited for 2018/19 council tax setting determination and the recommended balances were still considered to be appropriate.

Balance / Reserve	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
General Fund Balances	2,600	2,575	2,575	2,575
Business Rates Equalisation	450	1,000	2,600	2,600
Budget Stability	175	175	175	175
Total	3,225	3,750	5,350	5,350

The table above shows the forecast movement in core reserves across the medium-term. The key change is the increase in the Business Rates Equalisation reserve, which reflects the proposed policy to not include in the base budget the total growth from business rates income. As explained in previous sections, this is essential to ensure that the Council is not unduly exposed to the risk of the forthcoming reset of the business rates system and this reserve accumulation will mitigate this exposure and assist in the transition to the new business rate retention system.

For the HRA the Council expects to hold balances of £1.4m at the end of 2017/18, which is more than the £1.0m minimum provision identified in the risk assessment.

Similarly to the General Fund, there are numerous areas of policy development that may result in a greater risk exposure and subsequently there may be a need for us to hold a higher level of reserves and balances to mitigate this in the future. Officers are



monitoring these developments closely and an updated financial risk assessment will be incorporated into the 2019/20 rent setting process.

Policy

- All reserves will be held corporately; and
- All transfers to or from reserves will be subject to member approval.

7. Conclusion

Ensuring the Council provides excellent value for money whilst delivering the corporate priorities is a key priority in itself. Without identifying opportunities for efficiency and income generation and putting in place processes to deliver these, it will be difficult to meet the increasing expectations of local and national stakeholders.

This MTFS identifies the steps the Council needs to take to achieve this objective and continue to build upon its track record of sound financial management.

Summary of Research on the Prevalence of Alternative Budgeting Models Across Local Government

A report by the New Local Government Network¹ (NLGN) in 2014 explored alternative and more innovative approaches to financial planning being used across the sector. The report sets out the following theoretical approaches:

Incremental Budgeting	A method of budgeting that uses the previous years' budget as a model and makes small, incremental changes each time.
Incremental Plus	As above, but mixed with elements of other models such as outcome-based budgeting, or zero-based budgeting.
Outcomes-based Budgeting	A method of budgeting in which funds are allocated accordingly to a set of predefined outcomes or priorities.
Zero-based Budgeting	A method of budgeting that starts completely from scratch – from a 'zero base'. Each budgeting decision is made as if for the first time. This means that each decision must be justified, and services that previously received a certain amount of funding are not guaranteed to receive it again.

The NLGN analysis found that 39% of Councils now use only 'incremental budgeting', whilst another 39% use it in tandem with outcome or zero-based budgeting methods.

Broadly speaking, Rugby has followed an incremental approach for setting its 2017/18 budget. The NLGN offer the following critique of Incremental Based Budgeting.

Positives of this approach:

- Relatively low-cost in terms of time and labour intensiveness.
- Does not involve much conflict.
- For minor financial changes, the process can be an efficient way of testing relative priorities.
- Allowed councils to make significant savings and deliver balanced budgets to date.

Limitations of this approach:

- Effective way to distribute new money, but much weaker at scrutinising the cost and effectiveness of existing spending.
- Often leads to salami slicing, where the headline budget for each silo service area is squeezed without fundamentally questioning the impact each cut has on outcomes.
- Duplication & Silos: Because each department considers its spending reductions separately, it is easy to overlook efficiencies that could be made across departments. Can hinder joined up thinking about problems and impede an integrated approach to service delivery.

- Can lead to a focus on the budget for next year rather than planning for the medium and long term. Many solutions will only deliver the desired positive outcomes and savings over a much longer period.
- An incremental approach is often alienating or demoralising for Councillors if presented with a menu of options for what not to spend money on, rather than considering how it could be spent better. Members elected with imagination and zeal can be given little real input into future plans for services.

The report also sets out the key benefits of adopting alternative approaches:

- Provides better evidence to link spending to strategic goals
- Opportunity to provide a more transparent and participatory budgeting process with members operational staff and in the budget setting process.

This and other publications³ have identified additional potential positive outcomes, such as:

- Better understanding of unit costs and the relationship between inputs, outputs and outcomes
- Better to allocate and prioritise resources
- Reduce costs by identifying budgets that do not add value or contribute enough to outcomes, simultaneously driving better outcomes by highlighting areas where investment can be more effective.
- It can also help provide a clear narrative for council members and the public, a narrative that conveys the council's intent to improve services in priority areas, whilst also driving value for money.
- The alternative approaches also challenge the status quo, and encourages a questioning attitude among managers. Moreover, it responds to changes in the business environment.

However, there are number of challenges to move towards such approach, as identified by Grant Thornton²

- many councils do not have sophisticated enough processes and use proxy data, this can make obtaining accurate and relevant performance data difficult
- national data that can be benchmarked on a consistent basis is also patchy, making it difficult to know 'what good looks like'
- due to outcomes being driven by multiple internal and external factors, and single budgets driving multiple outcomes, it can be tricky to find a direct correlation between resources deployed and outcomes achieved
- many services are rooted in statutory obligations which can inhibit resource re-prioritisation and also flexibility over some outcomes
- the complex analysis will require an investment of resources, councils will need assurance and confidence about the cost to implement and the expected benefit

1. <http://www.nlgn.org.uk/public/2014/integrating-financial-and-strategic-planning-for-outcomes/>

2. <https://www.grantthornton.co.uk/insights/all-about-the-outcomes-based-budgeting/>

3. <http://www.room151.co.uk/technical/zero-hero-savings-with-zero-based-budgeting/>

EQUALITY IMPACT ASSESSMENT/ ANALYSIS (EqIA)
Medium Term Financial Strategy 2018-23



Equality Impact Assessment

Service Area	Corporate Resources
Policy/Service being assessed	Medium Term Financial Strategy 2018-23
Is this is a new or existing policy/service? If existing policy/service please state date of last assessment	New (revised)
EqlA Review team – List of members	Chris Blundell,
Date of this assessment	22.3.18
Signature of responsible officer (to be signed after the EqlA has been completed)	

A copy of this Equality Impact Assessment report, including relevant data and information to be forwarded to the Corporate Equality & Diversity Advisor.

If you require help, advice and support to complete the forms, please contact Minakshee Patel, Corporate Equality & Diversity Advisor via email: minakshee.patel@rugby.gov.uk or 01788 533509.



Form A1

INITIAL SCREENING FOR STRATEGIES/POLICIES/FUNCTIONS FOR EQUALITIES RELEVANCE TO ELIMINATE DISCRIMINATION, PROMOTE EQUALITY AND FOSTER GOOD RELATIONS



High relevance/priority



Medium relevance/priority



Low or no relevance/ priority

Note:

1. Tick coloured boxes appropriately, and depending on degree of relevance to each of the equality strands
2. Summaries of the legislation/guidance should be used to assist this screening process

Business Unit/Services:	Relevance/Risk to Equalities																										
State the Function/Policy /Service/Strategy being assessed:	Gender			Race			Disability			Sexual Orientation			Religion/Belief			Age			Gender Reassignment			Pregnancy/ Maternity			Marriage/ Civil Partnership (only for staff)		
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Medium Term Financial Strategy	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Are your proposals likely to impact on social inequalities e.g. child poverty for example or our most geographically disadvantaged communities? If yes please explain how.																								NO			
Are your proposals likely to impact on a carer who looks after older people or people with disabilities? If yes please explain how.																								NO			

Form A2 – Details of Plan/ Strategy/ Service/ Policy

<u>Stage 1 – Scoping and Defining</u>	
(1) What are the aims and objectives of Plan/Strategy/Service/Policy?	To provide the Council with a sound financial plan that outlines the key principles required to enable it to meet its objectives and achieve its ambition of becoming financially self-sufficient by the end of the decade without reliance on central government funding
(2) How does it fit with Rugby Borough Council's Corporate priorities?	Supports delivery.
(3) What are the expected outcomes?	To facilitate the achievement of the Council's Corporate Priorities through efficient and effective use of the Council's resources.
(4) Which of the groups with protected characteristics is this intended to benefit? (see form A1 for list of protected groups)	This strategy is not focused at benefiting any individual protected group and is intended to benefit all residents of Rugby Borough
<u>Stage 2 - Information Gathering</u>	
(1) What type and range of evidence or information have you used to help you make a judgement about the plan/ strategy/ service/ policy?	<p>This strategy includes contextual information about the Council's operating and financial environment. This context has been formed by drawing reference to demographic information produced by bodies including the Warwickshire Observatory and The Office for National Statistics (ONS).</p> <p>Information on financial best practice has been produced by referring to guidance produced by HM Treasury and research and analysis undertaken by independent organisations, such as the Chartered Institute of Public Finance and Accountancy (CIPFA) and the New Local Government Network.</p>
(2) Have you consulted on the plan/ strategy/ service/policy and if so with whom?	Senior Management Team.

(3) Which of the groups with protected characteristics have you consulted with?	SMT includes: different gender age and BME		
<u>Stage 3 – Analysis of impact</u>			
(1) From your data and consultations is there any adverse or negative impact identified for any particular group which could amount to discrimination? No If yes, identify the groups and how they are affected.	RACE	DISABILITY	GENDER
	MARRIAGE/CIVIL PARTNERSHIP	AGE	GENDER REASSIGNMENT
	RELIGION/BELIEF	PREGNANCY MATERNITY	SEXUAL ORIENTATION
(2) If there is an adverse impact, can this be justified?	Not applicable		
(3)What actions are going to be taken to reduce or eliminate negative or adverse impact? (this should form part of your action plan under Stage 4.)	Not applicable		
(4) How does the plan/strategy/service/policy contribute to the promotion of equality? If not what can be done?	Not applicable		
(5) How does the plan/strategy/service/policy promote good relations between groups? If not what can be done?	Not applicable		

(6) Are there any obvious barriers to accessing the service? If yes how can they be overcome?	No																													
<u>Stage 4 – Action Planning, Review & Monitoring</u>																														
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Action	Lead Officer	Date for completion	Resource requirements	Comments																										
(2) Review and Monitoring State how and when you will monitor policy and Action Plan	Revised Medium Term Financial Strategy due for April 2020, when the Corporate Strategy is refreshed.																													

Please annotate your policy with the following statement:

‘An Equality Impact Assessment/ Analysis on this policy was undertaken on (date of assessment) and will be reviewed on (date three years from the date it was assessed).

AGENDA MANAGEMENT SHEET

<i>Name of Meeting</i>	Cabinet
<i>Date of Meeting</i>	9 th April 2018
<i>Report Title</i>	Human Resources Strategy and Resources
<i>Portfolio</i>	Corporate Resources
<i>Ward Relevance</i>	No
<i>Prior Consultation</i>	Senior Management Team. Trade unions will be consulted.
<i>Contact Officer</i>	Suzanne Turner, Human Resources Manager extension: 3570
<i>Report Subject to Call-in</i>	No
<i>Report En-Bloc</i>	No
<i>Forward Plan</i>	Yes
<i>Corporate Priorities</i>	Ensure the Council works efficiently and effectively
<i>Statutory/Policy Background</i>	There is no statutory requirement for a local authority to have an HR Strategy. Our HR Strategies are aligned to our Corporate Strategies.
<i>Summary</i>	An HR Strategy is recommended to ensure management actions are put into place to provide a suitable workforce for the future.
<i>Risk Management Implications</i>	None identified.

<i>Financial Implications</i>	To provide a more proactive HR Service we need to increase the complement of HR Business Partners and the cost of this is £19,570 in 2018/19 be included to be met from General Fund Balances.
<i>Environmental Implications</i>	None
<i>Legal Implications</i>	An effective HR Service will encourage better people management practices in the Council. Thereby reducing weaknesses in Employment Tribunal cases.
<i>Equality and Diversity</i>	Measures in the HR Strategy will help ensure we fulfil our duties under the 2010 Equalities Act. An Equality Impact Assessment is attached at Appendix 2.
<i>Options</i>	<ol style="list-style-type: none"> 1. To approve the HR Strategy and HR resources 2. To not approve the HR Strategy and/or the HR resources. 3. To request changes are made to either the HR Strategy and/or the HR resources.
<i>Recommendation</i>	The HR Strategy (attached at Appendix 1) and the increase to HR resources, be approved and a supplementary revenue budget of £19,570 in 2018/19 be included to be met from General Fund Balances.
<i>Reasons for Recommendation</i>	To provide a more proactive HR service, improving people management practices and embed our corporate values within the Council. Ultimately supporting the Council to provide services to our customers and meet the objectives in our Corporate Strategy.

Cabinet – 9 April 2018

Human Resources Strategy and Policies

Report of the Head of Corporate Resources

Recommendation

The HR Strategy (attached at Appendix 1) and the increase to HR resources, be approved and a supplementary revenue budget of £19,570 in 2018/19 be included to be met from General Fund Balances.

1.1 Introduction

The Council has previously had HR strategies covering its workforce.

With the introduction of the Corporate Strategy 2017 – 2020 and our corporate values (CAN DO), it is appropriate to have a HR Strategy which aligns to these, provides the workforce that can deliver those corporate priorities and embed our corporate values.

Historically HR has provided a largely reactionary support service to the organisation within the constraints of its limited resources. Having seen the benefits brought about from having a dedicated HR business partner to the Environment & Public Realm portfolio and the ability to provide a much more pro-active support service it is proposed to move to this method of service delivery for all portfolios.

This requires the Council to increase resources at the HR Business Partner level as outlined below.

1.2 Human Resources Strategy

This strategy attached at Appendix 1 identifies how the Council needs to shape its workforce to best meet future customer demands. The strategy sets out broad objectives to be achieved, what the HR team will deliver and how we can measure that contribution. There are six principles as follows:

- 1) Attract & retain a CAN DO workforce
- 2) Develop leadership
- 3) Build workforce skills and capability
- 4) Nurture employee engagement, wellbeing and diversity

- 5) Continuous review of terms & conditions and remuneration
- 6) Provide an excellent HR service

1.3 Human Resources

In January 2017, HR resources were reshuffled to provide an extra HR Business Partner. This post was partly funded by the Works Services Unit. It provided a dedicated HR Business Partner to support and guide the management teams in Environment and Public Realm. Having this level of HR Business Partner resource has brought many benefits, for example: sickness is now much better managed, with regular return to work interviews and formal sickness meetings. Long-term absence cases have been addressed and seen either a return to work or bringing employment to an end. This HR Business Partner has been able to challenge and coach managers to improve people management practices, especially with having difficult conversations with our employees.

The current HR staffing resource is as follows:

HR Manager x 0.7
HR Business Partner x 3 (one manages Payroll and our HR and Payroll system)
Organisational Development Officer x 0.8
Recruitment and HR Support Officer
HR and Payroll Assistant (50% on HR)

This represents a ratio of 1:93 (for every 93 employees we have one HR employee).

XpertHR (industry) Survey 2016 gave a national median average ratio of 1:62 and a mean average ratio of 1:99, which includes Equality and Diversity staff.

Including our E&D Officer into the ratio makes it 1:87.

This shows that HR resources are at the lower end of the national average. By increasing the HR resources by one full time post this ratio reduces to 1:74, which is consistent with the national benchmark.

To move to a similar service delivery model across all the portfolios would require an additional FTE, however initially a part-time (0.6 FTE) position can be considered and a review undertaken during the course of 2018/19.

A supplementary revenue budget of £19,570 is requested in this report for 2018/19, to be met from GF balances.

This will allow a dedicated HR Business Partner to support each portfolio and Head of Service.

1.4 Consultation

Senior Management Team has been consulted on the Human Resources Strategy. Once approved, the strategy will be shared with our trade unions and managers.

Name of Meeting: Cabinet
Date Of Meeting: 9th April 2018
Subject Matter: Human Resources Strategy and HR Resources
Originating Department: Corporate Resources

LIST OF BACKGROUND PAPERS

Document No.	Date	Description of Document	Officer's Reference	File Reference
1.		Human Resources Strategy 2018 - 2023		
2.		Equality Impact Assessment of the HR Strategy		



Human Resources Strategy 2018-2020

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Foreword

Our staff are our biggest and most valued asset – without you we cannot deliver our vast number of services which range from every day services touching the lives of many, to the crisis services which help improve the lives of those few most in need.

You are the eyes and ears of our organisation – based on what you see and hear you are the best placed person to suggest how our services need to change to meet the needs of our customers, or provide our services in the most efficient and effective way.

We understand that the current financial climate creates a difficult operating environment. We're all feeling the impact of fewer resources to deliver our aims and objectives. However, it is everybody's responsibility to challenge and question the ways in which we work – long gone should be the days of "we've always done it this way". We need to embrace the opportunities presented to us and ensure we are fit for the future.

*The purpose of this HR strategy is to outline how we continue **Building Success Together** by providing support to you and enable you to deliver the high-quality services our customers deserve*



Cllr Carolyn Robbins
Portfolio Holder for
Corporate Resources

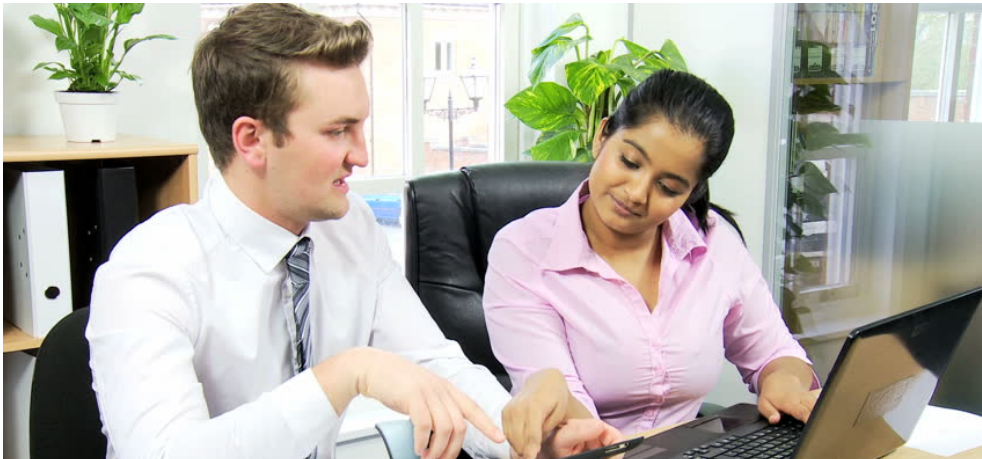


Mannie Ketley
Head of Corporate
Resources &
Chief Financial Officer



Suzanne Turner
HR Manager

Our strategy



We will continue to provide the confidential and supportive environment that enables you to come and seek our advice, however the focus for our service will be to take a proactive position in how we provide advice and support to our managers, their employees and the wider organisation.

We will endeavour to understand the challenges faced by your services, the skills gaps, the resourcing issues and assist you in implementing policies and devising action plans to meet our Corporate objectives and service standards.

In order to achieve this we have developed 6 principles;

- 1) Attract & retain a CAN DO workforce
- 2) Develop leadership
- 3) Build workforce skills and capability
- 4) Nurture employee engagement and wellbeing
- 5) Continuous review of terms & conditions and remuneration
- 6) Provide an excellent HR service

Our corporate values

In 2017, over 190 employees helped to develop our corporate values framework. A number of workshops were held and discussions took place about what matters to each of us.

The results were a set of values we're all very proud of and can easily apply in all aspects of our day-to-day work.



Work is currently underway to embed these values within the organisation; from the outset they are covered within the new starter induction programme, 1-1 Meeting templates have been redesigned with these values in mind and to ensure consistency across the organisation. Our existing training programme and course material has been aligned to these values and further work will continue in this area to develop our “The way we work” programme. This programme of training will be mandatory for all staff and an additional “The way we manage” programme will be mandatory for all team leader and management positions within the organisation.

We firmly believe that our values are an important driver for achieving long term and sustainable success for the organisation. Our workforce is a very important part of the future of the council and working within our Values will ensure that they are trained with the right skills to match the challenges and risks we will face. By having the right people in the right place at the right time will go a long way to help us achieve our over-arching strategic objectives. The 6 HR principles will support managers and employees to do this.

You can find more out more about our values, the values framework and a toolkit for managers on SharePoint follow this link:

<https://rugby.sharepoint.com/sites/RBC/SitePages/RBC%20Intranet%20Home.aspx>

Our equality and diversity journey

Alongside our commitment to our corporate values, we maintain our commitment to equality and diversity.

We have already succeeded in demonstrating our “Excellent” in May 2014; the only Borough Council to be assessed as excellent. Our re-accreditation by the Equality Peer Challenge Team in 2017 is further testament to how well we have embedded the Equality Framework for Local Government (EFLG) in the work we do.

The EFLG consists of five performance areas;

- Knowing your communities;
- Leadership, partnership and organisational commitment;
- Involving your communities;
- Responsive services and customer care and
- Skilled and committed workforce.

We believe our corporate values, the HR principles outlined in this strategy and the objectives of our Corporate Strategy compliment these performance areas of the EFLG.

In delivering our HR principles we will continue to support our commitment to excellence in equality and diversity and the proud work we have all achieved to date.



Our principles

1. Attract and retain a CAN DO workforce

How will we do this?

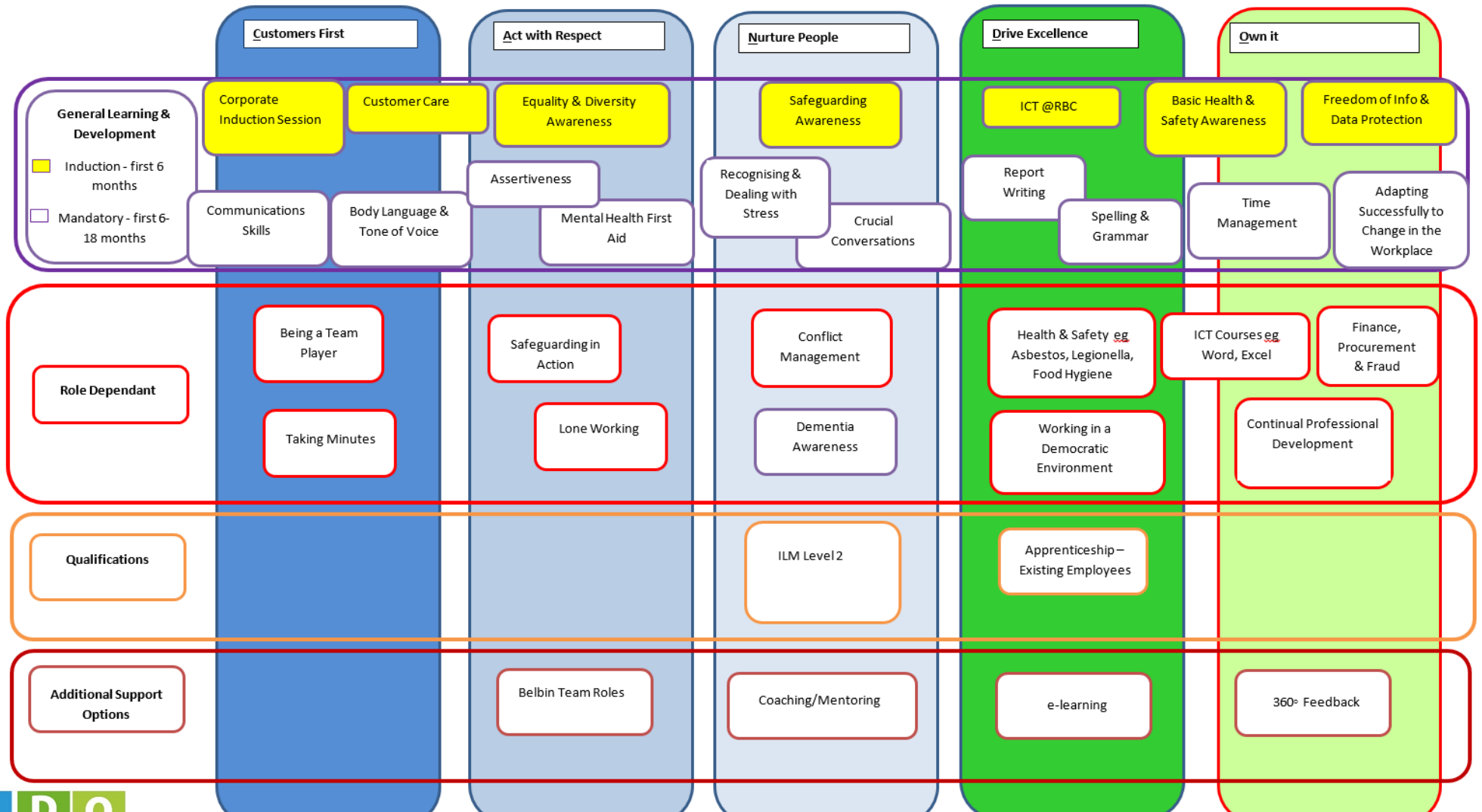
- We will develop recruitment material and selection processes that enable us to attract and identify talent that meets our needs.
- We will roll out mandatory training for all employees; ***The Way We Work***.
- We will actively raise awareness of the profile of the Council as a place to start and develop your career.
- We recognise we have an ageing workforce and we will work with service managers to identify succession plans and opportunities for knowledge/skills transfer.
- We will be a critical friend and review barriers to entry for jobs in the organisation and promote alternative options for consideration.
- We will work to identify progression pathways in different Council professions
- We will review the accuracy and quality of person specifications.

How will we measure our success?

- Number of job offers accepted
- Staff turnover rates and reasons for leaving
- Number of succession plans in place and being actively managed
- Number of staff completing our internal training programmes.
- Number of staff achieving externally accredited qualifications.
- Year-on-year comparator of disciplinaries and grievances



The Way We Work – Learning and Development for Employees



2. Develop leadership

How will we do this?

- We will support newly appointed / promoted team leaders and managers with their management responsibilities by identifying skills gaps and advising on action plans.
- We will continue to develop and deliver mandatory training for all team leader and management positions; ***The Way We Manage***.
- We will support service managers regularly on a 1-1 basis with driving excellence within their services and to be their very best.
- We will work with service managers and senior management team to identify future leaders and develop talent management plans.

How will we measure our success?

- Number of internal promotions into management positions.
- Number of succession plans in place for management positions and being actively managed
- Proportion of team leaders and managers on track with their internal mandatory training programmes.
- Number of staff achieving externally accredited management qualifications.
- Employee Survey ranking of management capability

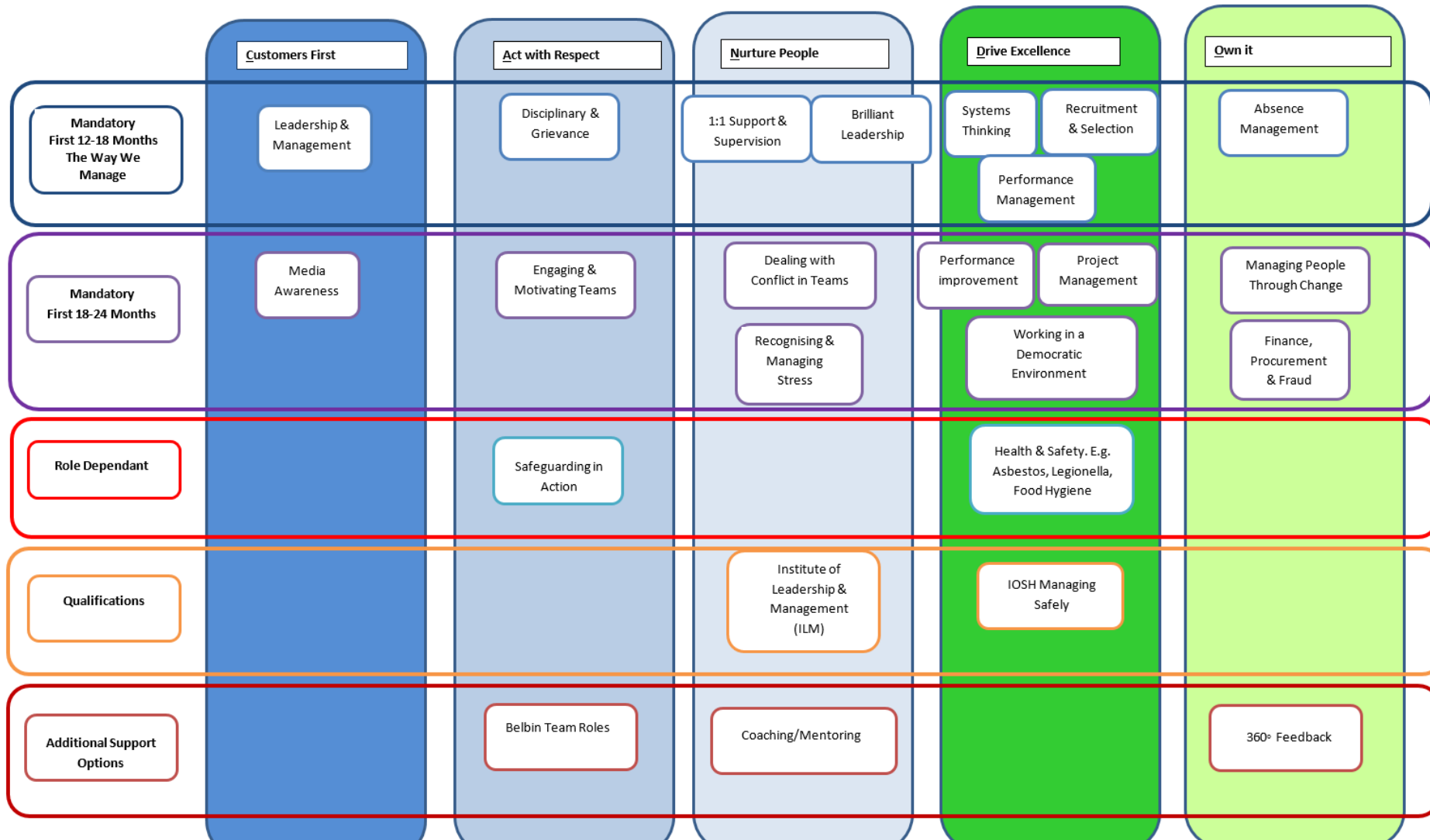
LA Challenge 2017



A regional event for aspiring managers, which challenges them to running a fictitious Local Authority for the day. It is a competition with various categories of awards. Competitors experience all the challenges of decision making, dealing with a variety of stakeholders as well as writing a strategy and a newsletter.



The Way We Manage – Learning and Development for Managers and Team Leaders



3. Build workforce skills and capability

How will we do this?

- We will hold an up to date log of training you have undertaken alongside required training for your role to ensure your skills match the requirements of the role.
- We will work with colleagues from around the organisation, alongside service managers to identify skills gaps and advise on action plans, particularly based on feedback from systems thinking reviews and internal audit findings.
- We will support service managers to triangulate all sources of HR data to build a continuous and current picture of what reality looks like at team level and where required suggest solutions for consideration.
- We will use a variety of methods for delivering training and imparting knowledge, recognising that our diverse services require differing options.
- We will attend team meetings to raise awareness of our learning and development activities and identify where more tailored content is required.
- We will review types of roles which exist and duties being carried out to ensure opportunities for learning and improving efficiency and effectiveness are not missed.

How will we measure our success?

- Proportion of training data that is up to date within the HR system.
- Number / proportion of staff receiving training of any kind.
- Number of training courses delivered via e-learning, metacompliance or other non-traditional methods.
- Number of service specific training sessions delivered.
- Number of capability cases

4. Nurture employee engagement, wellbeing and diversity

How will we do this?

- We will support service managers to ensure 1-1's are carried out as expected.
- We will continue to engage with our employees to canvass opinions and suggestions.
- We will continue regular dialogue with our Trade Union colleagues and Corporate Learning Group.
- We will continue to facilitate health and wellbeing events for all employees
- We will provide targeted occupational health, counselling, mentoring and coaching support.
- We will access medical interventions to facilitate an earlier return to work for absent employees.
- We will review reasons for absence to identify ways to support our employees proactively e.g. offer flu vaccinations.
- We will ensure that equality and diversity is embedded in all HR policies and that we fulfil our duties under the 2010 Equalities Act.
- We will continue to adopt the Disability Confident initiative, guaranteeing interviews for candidates with a disability who meet the essential job requirements
- We will strive to have effective two-way communication with our employees; this is both to keep employees informed but also for employees to feel they have a voice.
- We will facilitate employee support groups across the organisation, such as one for those who have or are experiencing mental illness/stress/anxiety and one for employees from a LGBT group.

How will we measure our success?

- Proportion of workforce receiving regular 1-1's
- Share and act on employee survey results
- Number of employees attending wellbeing events
- Employee absence statistics
- Regular consultation meetings with employees and their representatives eg Trade Union consultation
- Number of employees receiving wellbeing support
- Workforce profile to better reflect the Rugby population profile
- Staff disability disclosure rates
- Review our gender pay gap



5. Continuous review of our terms and conditions & remuneration

How will we do this?

- Whilst acknowledging the results of Single Status and our position as a lower quartile paying authority we will review how our salaries compare to the market and highlight areas for consideration if necessary.
- We will continually review working arrangements across all services to ensure consistency in application of our terms and conditions. Any locally applied terms and conditions will be justified by business needs
- We will explore non-salary related benefits for our staff to provide more flexible employment packages to meet needs of individual employees.
- We will explore ways to achieve a work/life balance through use of flexible job roles

How will we measure our success?

- Benchmarking of salary data
- Analyse reasons for unsuccessful recruitment campaigns
- Review our gender pay gap
- Number of employees accessing flexible working arrangements
- Number of non-salary related benefits offered to employees

6. Provide an excellent HR service

How will we do this?

- We will review, develop and ensure HR policies are fit for purpose and can be utilised efficiently and effectively.
- We will continue on our digitalisation journey and ensure HR processes are efficient and effective.
- We will deliver proactive support through a business partnering approach taking time to understand the needs and objectives of our services.
- We will ensure our learning and development programmes are aligned to the organisation's objectives and values.
- We will ensure equality and diversity objectives and our corporate values are embedded in all HR aspects.

How will we measure our success?

- Customer satisfaction rates
- Measure performance against key milestones in our digitalisation plans
- Review and act on feedback received during employee engagement
- Measure performance against E&D peer assessment recommendation
- Measure performance against the HR service plan

Building Success Together – HR Strategy



Corporate Resources Objectives

Optimise income & identify new revenue opportunities

Prioritise use of resources to meet changing customer needs & demands

Ensure that the council works efficiently & effectively

Corporate Values



HR Strategy – our 6 principles

These underpin the Corporate Resources Objectives and work within the Corporate Values

Objective 1

Attract & retain a CAN DO workforce

Examples: Workforce Planning, CAN DO on application form, links with schools, promote careers in Council, flexible job roles

Objective 2

Develop leadership

Examples: The Way We Manage, ILM, 360 feedback, coaching & mentoring, succession planning, WM Challenge, HR Policies support

Objective 3

Build workforce skills & capability

Examples: Training sessions & e-learning, HRBP support, absence management, performance management, Induction,

Objective 4

Nurture employee engagement & wellbeing

Examples: Reward & Recognition system, 1:1s, Team Meetings, Employee Briefings, Corp Man Forum, wellbeing days, Employee Support Group

Objective 5

Continuous review of terms & conditions and remuneration

Examples: Job Evaluation, pay bench marking, equal pay gap monitoring, work/life balance, flexible job roles

Objective 6

Provide an excellent HR service

Examples: HR polices, HR support & advice, stream lined processes, up to date knowledge & info

EQUALITY IMPACT ASSESSMENT/ ANALYSIS (EqIA)

Human Resources Strategy



Equality Impact Assessment

Service Area	Corporate Resources
Policy/Service being assessed	HR Strategy
Is this is a new or existing policy/service? If existing policy/service please state date of last assessment	New (revised)
EqlA Review team – List of members	Suzanne Turner,
Date of this assessment	16.3.18
Signature of responsible officer (to be signed after the EqlA has been completed)	

A copy of this Equality Impact Assessment report, including relevant data and information to be forwarded to the Corporate Equality & Diversity Advisor.

If you require help, advice and support to complete the forms, please contact Minakshee Patel, Corporate Equality & Diversity Advisor via email: minakshee.patel@rugby.gov.uk or 01788 533509.



Form A1

INITIAL SCREENING FOR STRATEGIES/POLICIES/FUNCTIONS FOR EQUALITIES RELEVANCE TO ELIMINATE DISCRIMINATION, PROMOTE EQUALITY AND FOSTER GOOD RELATIONS



High relevance/priority



Medium relevance/priority



Low or no relevance/ priority

Note:

1. Tick coloured boxes appropriately, and depending on degree of relevance to each of the equality strands
2. Summaries of the legislation/guidance should be used to assist this screening process

Business Unit/Services:	Relevance/Risk to Equalities																										
State the Function/Policy /Service/Strategy being assessed:	Gender			Race			Disability			Sexual Orientation			Religion/Belief			Age			Gender Reassignment			Pregnancy/ Maternity			Marriage/ Civil Partnership (only for staff)		
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
HR Strategy		✓		✓			✓				✓			✓		✓				✓				✓			✓
Are your proposals likely to impact on social inequalities e.g. child poverty for example or our most geographically disadvantaged communities? If yes please explain how.																							NO				
Are your proposals likely to impact on a carer who looks after older people or people with disabilities? If yes please explain how.																							NO				

Form A2 – Details of Plan/ Strategy/ Service/ Policy

<u>Stage 1 – Scoping and Defining</u>	
(1) What are the aims and objectives of Plan/Strategy/Service/Policy?	To have a strategy that provides a workforce for the Council that supports delivery of the Corporate Strategy. Also to set out service standards for the HR Service
(2) How does it fit with Rugby Borough Council's Corporate priorities?	Supports delivery of all the Corporate Priorities by providing a workforce that is trained and capable of delivering those priorities. There is a direct link to the following priorities: prioritise use of resources to meet changing customer needs and demands; and ensure that the council works efficiently and effectively.
(3) What are the expected outcomes?	The expected outcome of this strategy is that it will help by providing the necessary workforce to deliver against each priority.
(4) Which of the groups with protected characteristics is this intended to benefit? (see form A1 for list of protected groups)	We wish to better match our workforce profile to the local population. This will impact advantageously on: age (younger employees), BME groups, those with a disability and particularly those suffering with mental health issues.
<u>Stage 2 - Information Gathering</u>	
(1) What type and range of evidence or information have you used to help you make a judgement about the plan/ strategy/ service/ policy?	Workforce Planning. CAN DO Values. Corporate Strategy. Employee Survey. Feedback from Heads of Service and Managers.
(2) Have you consulted on the plan/ strategy/ service/policy and if so with whom?	Already consulted Senior Management Team, however there are plans to engage with trade unions.
(3) Which of the groups with protected characteristics have you consulted with?	SMT includes: different gender age and BME

Stage 3 – Analysis of impact			
<p>(1) From your data and consultations is there any adverse or negative impact identified for any particular group which could amount to discrimination? No</p> <p>If yes, identify the groups and how they are affected.</p>	RACE Positive impact	DISABILITY Positive impact	GENDER
	MARRIAGE/CIVIL PARTNERSHIP	AGE Positive impact	GENDER REASSIGNMENT
	RELIGION/BELIEF	PREGNANCY MATERNITY	SEXUAL ORIENTATION
(2) If there is an adverse impact, can this be justified?			
(3) What actions are going to be taken to reduce or eliminate negative or adverse impact? (this should form part of your action plan under Stage 4.)	There is no adverse impact as a result of the HR Strategy. The HR Strategy should improve equality and diversity in the council.		
(4) How does the plan/strategy/service/policy contribute to the promotion of equality? If not what can be done?	To have a workforce profile that better reflects the local population. The principles in the HR Strategy support the promotion of equality eg: nurture employee engagement, wellbeing and diversity; attract and retain a CAN DO workforce.		
(5) How does the plan/strategy/service/policy promote good relations between groups? If not what can be done?	Improved and more proactive HR service to pick up on relationship issues and address these. In line with our Nurturing principle we will be setting up an employee support groups to ensure that people under the different protected characteristics have a voice.		
(6) Are there any obvious barriers to accessing the service? If yes how can they be overcome?	No We recognise some staff may need support to access this strategy. We have measures in place to help with this eg Disability Confident; making reasonable adjustments to allow people to stay in work.		

<u>Stage 4 – Action Planning, Review & Monitoring</u>																														
<p>If No Further Action is required then go to – Review & Monitoring</p> <p>(1) Action Planning – Specify any changes or improvements which can be made to the service or policy to mitigate or eradicate negative or adverse impact on specific groups, including resource implications.</p>	<p>EqIA Action Plan</p> <table border="1" data-bbox="887 497 2116 727"> <thead> <tr> <th data-bbox="887 497 1133 576">Action</th> <th data-bbox="1133 497 1379 576">Lead Officer</th> <th data-bbox="1379 497 1626 576">Date for completion</th> <th data-bbox="1626 497 1872 576">Resource requirements</th> <th data-bbox="1872 497 2116 576">Comments</th> </tr> </thead> <tbody> <tr><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td></td><td></td><td></td><td></td></tr> </tbody> </table>					Action	Lead Officer	Date for completion	Resource requirements	Comments																				
Action	Lead Officer	Date for completion	Resource requirements	Comments																										
<p>(2) Review and Monitoring State how and when you will monitor policy and Action Plan</p>	<p>Monitor at least quarterly. Revised HR Strategy due for April 2020, when the Corporate Strategy is refreshed.</p>																													

Please annotate your policy with the following statement:

‘An Equality Impact Assessment/ Analysis on this policy was undertaken on (date of assessment) and will be reviewed on (date three years from the date it was assessed).

Council – 24 April 2018

Report of the Monitoring Officer

Ansty Parish Council

Following the resignation of Parish Councillors from Ansty Parish Council, there are now so many vacancies that the Council is now unable to act. The Parish Clerk has also resigned and the post remains vacant.

In the circumstances the Borough Council assumes the responsibilities of the Parish Council and in pursuance of the power conferred on it by Section 91 of the Local Government Act 1972 can appoint local ward members to re- establish a quorum for a temporary period in order that the business of the Parish Council may be continued.

The alternative is for the vacancies to be declared and elections held but in the circumstances this is not recommended as during that period the Parish Council will be unable to take any decisions or function.

Consultation has been undertaken and the three Borough Ward members for the parish are willing to be appointed in a temporary capacity in order that the vacancies on the Parish Council can be declared and elections held.

These temporary appointments must be made by Order under Section 91(1) of the Local Government Act 1972.

RECOMMENDATION – Cllrs Mrs Garcia, Gillias and Mrs Timms be appointed to act as members of Ansty Parish Council until elections have been held to fill such vacancies that will render the Parish Council quorate or after six months beginning the date on which the Order is signed, whichever is the earlier, whereupon such appointments and this Order shall cease.

Council – 24 April 2018

Report of the Executive Director as Head of Paid Service

Localism Act – Pay Policy Statement

1. INTRODUCTION

The government, in 2011/12, introduced legislative requirements for councils to prepare and publish policy statements for how they intend to manage the pay of the most senior staff. At the same time, they have stressed the importance of fair rewards by highlighting the need to safeguard the lowest paid. The concept of fairness was amplified in The Hutton Review of fair pay in the public sector (March 2011), which stressed the importance of the relationship between the top and median salaries in organisations, which is now required in the government's Code of Recommended Practice on Data Transparency.

Our first Pay Policy Statement was approved by full Council on 23rd February 2012. Chapter 8 of the Localism Act 2011 requires local authorities to review this each financial year.

2. REVISIONS TO STATEMENT

There are two changes due in 2018/19 that will impact on our pay multiples (see section 4 of the Pay Policy Statement for more information on pay multiples), as follows:

- Proposed NJC (National Joint Council) (local government) pay scales will see 2% pay increases across the board and over 9% increases on the lower pay points. If agreed, the proposed increases will raise the lowest hourly rate to £9 in April 2019, in line with predicted National Living Wage. This raises the level of our lowest paid employees.
- Supplements to take account of new methods to calculate pay during annual leave.

3. EMPLOYEE CONSULTATION

A copy of this revised statement has been circulated to Trade Union representatives.

4. RECOMMENDATION

The new pay policy statement shown as Appendix 1 be adopted with immediate effect.

PAY POLICY STATEMENT 2018/19

POLICY STATEMENT

The Council aims to have remuneration packages that ensure appropriate and fair pay and benefits for employees in a diverse range of roles and responsibilities.

1. Remuneration Provisions

Under section 112 of the Local Government Act 1972, the Council has the “power to appoint officers on such reasonable terms and conditions as the authority thinks fit”. This Pay Policy Statement sets out the Council’s approach to pay policy in accordance with the requirements of Sections 38 and 40 of the Localism Act 2011. The purpose of the statement is to provide transparency with regard to the Council’s approach to setting the pay of its employees.

In determining its grading structure and setting remuneration levels for all posts, the Council takes account of the need to ensure value for money. This is in respect of the use of public expenditure, balanced against the need to recruit and retain employees who are able to meet the requirements of providing high quality services to the community, delivered effectively and efficiently and at times at which those services are required.

1.1 Definition of Chief Officers

The definitions of Chief Officers are taken from the Localism Act 2011. These currently include:

- Executive Directors
- Heads of Service
- Section 151 Officer and Deputy
- Monitoring Officer and Deputy

1.2 Definition of Lowest Paid Employees

The lowest paid persons employed under a contract of employment with the Council could potentially be on a full time [37 hours] equivalent salary at the bottom of our Grade A, which is, from April 2018, proposed to start at £16,394 per annum. For information, the National Living Wage will increase to £15,106 per annum in April 2018.

Whilst we may employ apprentices on a lower wage, they are considered to be on a training agreement with the Council, rather than a full employment contract. We also employ Casuals who will be paid at the Grade A salary quoted above. Apprentices and Casual employees have been excluded from our pay data.

2. Policy on Remuneration of Chief Officers

2.1 Levels of Pay for Each Chief Officer

Executive Directors and Heads of Service are paid on a salary, which is considered a market rate within the local government sector. The Council currently aims to provide salaries within the lower quartile to median range of market rates.

Executive Directors and Heads of Service are paid on a salary scale with three incremental levels.

A supplement is paid on basic pay to remunerate the additional responsibilities of the Section 151 Officer, Monitoring Officer and their deputies. These allowances however are not paid if the post is held by a Head of Service or an Executive Director.

The current levels of pay for each Chief Officer are set out in Appendix 1.

2.2 Value for Money

Value for Money, to the whole of the public sector, is considered when setting Chief Officers' pay. We generally seek to match salaries at the lower quartile pay benchmark level or, where there are recruitment and retention difficulties, at the median level. There are currently no arrangements in place, for Chief Officers, which could be perceived as seeking to minimise tax payments.

2.3 Elements of Remuneration for Each Chief Officer

In addition to basic salary, set out below and in Appendix 1, are details of other elements of 'additional pay' which are chargeable to UK Income Tax and do not solely constitute reimbursement of expenses incurred in the fulfillment of duties;

There is currently one Chief Officer in receipt of an Essential Car User allowance. This policy is for those employees that meet the business mileage requirements as set out in our Car Allowances Policy.

The Executive Director who is the Council's Returning Officer receives an Election Allowance. This allowance is set by central government. It varies each year depending on the number and type of elections in the year. The Monitoring Officer, who is the deputy Returning Officer, also receives recompense for any work he carries out on the running of an election.

For an exceptional piece of work or an exceptional achievement, a Chief Officer may be awarded an honorarium. An honorarium is either a one off payment or can be a monthly allowance for a temporary period.

These elements of remuneration for 2017/18 are set out in Appendix 1.

2.4 Pay Levels on Recruitment

The pay level offered on recruitment is typically the bottom point of the salary grade. In situations, however, where the individual recruited has a high level of knowledge or skills, and/or previous relevant experience, a higher salary, up to the maximum salary for that post, may be authorised, by the recruitment appointment panel, who would be advised by Human Resources.

From time to time it may be necessary to take account of the external pay market in order to attract and retain employees with particular experience, skills and capacity. Where necessary, the Council will ensure the requirement for such is objectively justified by reference to clear and transparent evidence of relevant market comparators, using appropriate data sources available from within and outside the local government sector.

Where the Council is unable to recruit to a post at the designated grade, it will consider increasing the salary scale to be closer to the 'market rate' for the job. For those Chief Officers below the level of Head of Service, we may authorise a market forces supplement. Such supplements are reviewed, at least on a three yearly basis.

Where the Council remains unable to recruit chief officers under a contract of service, or there is a need for interim support to provide cover for a vacant substantive chief officer post, the Council will, where necessary, consider and utilise engaging individuals under 'contracts for service' (for example a consultancy contract or a contract with a sole trader/freelancer). These will be sourced through a relevant procurement process ensuring the Council is able to demonstrate the maximum value for money benefits from competition in securing the relevant service.

2.5 Increases to Pay

Any cost of living increases agreed through the National Joint Council for Local Government Services (NJC) are applied to Chief Officers pay. This is typically on 1st April each year.

Chief Officers will receive an incremental increase to their pay as follows:

Chief Officers appointed between 1st October and 31st March will receive an increment after six months service.

Chief Officers appointed between 1st April and 30th September will receive an increment on the following 1st April.

Thereafter, all Chief Officers will receive increments annually on 1st April until they reach the top of their grade.

All increments are subject to satisfactory performance and will be withheld if the Chief Officer has a live formal written warning for absence, conduct or performance issues.

Where a Chief Officer has given exceptional performance then they may be awarded additional increments in line with our policy on Accelerated Increments. This is subject to their pay not exceeding the maximum salary for their post.

As mentioned above, Chief Officers' pay, for Heads of Service and above, will be measured against the market on, at least, a three yearly basis to ensure we maintain consistency with our peer local authorities. Where there are significant changes in market rates then a pay benchmarking assessment will be carried out for Chief Officers. Pay levels were benchmarked, in April 2016, for Executive Director and Heads of Service as part of the proposed restructure of the Senior Management Team. Pay levels for other Chief Officers were benchmarked in 2017/18.

Where a Chief Officer is, for more than three months, temporarily working in a higher level role, then they receive the higher salary relevant to that role. Shorter periods of 'acting up' may be remunerated by an honorarium or the officer receives the higher salary of the new role for the specified period.

2.6 Performance Related Pay or Bonuses

Exceptional performance of Chief Officers is recognised by either accelerated increments or an honorarium, as detailed previously. Poor performance may result in an increment being withheld.

2.7 Termination Payments

In the case of redundancy, a redundancy payment would be made to a Chief Officer in line with our Redundancy policy.

In the case of termination due to ill-health, then there would be no termination payment but a higher pension benefit may be approved by the pension scheme. The pension benefit may include a lump sum in addition to an on-going pension payment.

Any contractual payments such as outstanding annual leave are usually included in payments on termination of employment. Similarly, any monies owing to the Council would be deducted from payments made on termination.

The Council's approach to [statutory and] discretionary payments on termination of employment of chief officers, prior to reaching normal retirement age, is set out within its policy statement in accordance with Regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 [and if adopted] Regulations 12 and 13 of the Local Government Pension Scheme (Benefits, Membership and Contribution) Regulations 2007.

Any other payments falling outside these provisions or the relevant periods of contractual notice shall be subject to a formal decision made by the Leader of the Council with delegated authority to approve such payments.

The Council may choose to make a payment under a Settlement Agreement to protect against compensation claims that could be expensive or bring the Council into disrepute. These are not frequently used and will always be less than two years' salary.

Where a Section 151 Officer or Monitoring Officer or their deputies cease carrying out these statutory roles, or a supplement is no longer considered appropriate at that

level of role, then the supplements paid will be ended by giving three months' notice. Consideration will be given to waive this notice period at the request of the individual.

3. Policy on Remuneration of our Lowest Paid Employees

Our lowest paid employees' salary is determined by the grade for their post, which is underpinned by a job evaluation scheme, rather than being paid a market rate for their job. Market supplements are given to some posts where there are recruitment and retention difficulties. Currently none of our lowest paid employees receive a market supplement on their salary to bring it up to market rates.

With the increases to the NJC (local government) pay scales in April 2017, we do not pay any employees, other than second year apprentices under the age of 25 years at the National Living Wage level. The National Living Wage will be £7.83 from April 2018.

In other aspects, there is equity of remuneration policy across all our employees. The same policies set out above apply to our lowest paid employees.

There are some differences for Casual employees, but these differences are due to their different contractual employment relationship and not due to the difference in seniority of role.

4. Relationship between Remuneration of our Chief Officers and Other Employees

The statutory guidance under the Localism Act recommends the use of pay multiples as a means of measuring the relationship between pay rates across the workforce and that of senior managers, as included within the Hutton 'Review of Fair Pay in the Public Sector' (2011). The Hutton report was commissioned by the Government to explore the case for a fixed limit on dispersion of pay through a requirement that no public sector manager can earn more than 20 times the lowest paid person in the organisation. The report concluded that the relationship to median earnings was a more relevant measure and the Government's Code of Recommended Practice on Data Transparency recommends the publication of the ratio between highest paid salary and the median average salary of the whole of the authority's workforce.

Our current pay level multiples are as follows, using full time equivalent salaries for all posts:

Pay Level Multiple	As at March 2018	Policy for 2018/19 to maintain Chief Officers' pay within the following multiples
The lowest paid employee and the highest paid Chief Officer	1 : 6	1 : 10
The lowest paid employee and average (median) Chief Officer	1 : 4	1 : 7
The lowest paid employee and average (mean) Chief Officer	1 : 4	1 : 7
The average (median) pay for all employees and the highest paid Chief Officer	1 : 4	1 : 7

5. Accountability and Decision Making

In accordance with the Constitution of the Council, Cabinet are responsible for decision making in relation to the recruitment, pay, terms and conditions and severance arrangements in relation to employees of the Council.

6. Publicity and Access to Information

This policy including appendices will be available on our web site www.rugby.gov.uk.

In addition, for posts where the full time equivalent salary is at least £50,000, the Council's Annual Statement of Accounts will include a note setting out the total amount of

- salary, fees or allowances paid to or receivable by the person in the current and previous year;
- any bonuses so paid or receivable by the person in the current and previous year;
- any sums payable by way of expenses allowance that are chargeable to UK income tax;
- any compensation for loss of employment and any other payments connected with termination; and
- any benefits received that do not fall within the above

7. Related Documents

Redundancy Policy
 Retirement Policy
 Recruitment Policy
 Honoraria Policy
 Capability Procedure
 Disciplinary Procedure
 NJC Job Evaluation Scheme Outline
 Car Allowances Policy

Date last revised:	April 2018
Date of next review:	April 2019

LEVEL AND ELEMENTS OF REMUNERATION FOR CHIEF OFFICERS**Basic Pay**

	Pay as at April 2018**
Executive Director	£90,395 - £95,445
Head of Service	£64,135 - £69,185
Section 151 Officer and Monitoring Officer	Supplement of £2,301*
Deputy Section 151 Officer and Deputy Monitoring Officer	Supplement of £1,147*

* Only paid if the Chief Officer is at a level below Head of Service

** Pay rates are proposed to increase by 2% from April 2018, but there is no agreement yet on this proposal.

Essential Car User Allowance

Band	Bandings Proposed	Top Mileage	RAC/AA Mileage Rate (ppm)	Allowance
1	500 - 1000	1000	0.57	570
2	1000 - 1500	1500	0.57	855
3	1500 - 2000	2000	0.57	1140
4	2000 - 3000	3000	0.57	1710
5	3000 and above (Typically up to 4000)	4000	0.57	2280

Election Allowance Paid in 2017/18

Post:	Allowance
Executive Director (Returning Officer)	£6,973
Monitoring Officer (Deputy Returning Officer)	£1,513

Honorarium Payments: None expected for 2018/19.

Council – 24 April 2018

Report of the Executive Director

The high-rise blocks in Rugby – potential repair or regeneration

Executive Summary

There are two Council-owned high-rise sites in the borough

- Biart Place (comprising two blocks with a total of 124 flats)
- Rounds Gardens (comprising three blocks with a total of 189 flats).

These blocks were built approximately 50-years ago, and each block comprises of 11 floors with a mix of 1-bedroom and 2-bedroom flats. There are 3 leasehold properties in total, across the two sites.

The construction type is Bison Large Panel System (LPS), with the blocks at Rounds Gardens having had some additional structural strengthening works, approximately 25 years ago. There is no gas supply to either site.

The bulk of the report focuses on Biart Place because intrusive structural surveys started earlier for this site meaning more is understood about the blocks. The survey work commenced so that officers could clarify the condition of the blocks, increase their knowledge of the construction type, and to inform future investment decisions. The surveys identified a potential risk to the structure of the buildings in a shock event (fire or explosion), as well as potential issues of fire resistance between individual flats.

In recent years, the high-rise blocks at Biart Place have been affected by issues of declining popularity, decreasing affordability and becoming increasingly expensive to heat, due to their concrete construction. Officers commissioned intrusive-structural surveys of the blocks to better understand their condition which would inform future investment plans for Biart Place (over and above the already known investment of £2.1m required in the near future, to adhere to the Decent Homes Standard).

At the same time as the structural surveys were carried out, tenants were visited so that officers could increase their understanding of who is living in the blocks, vulnerabilities, current and future housing needs as well as their perception of Biart Place as a place to live.

A significant part of the report focuses on the findings of Michael Dyson Associates (MDA), who carried out the initial structural surveys, as well as the validation of their findings which were conducted by both Arup and the Building Research Establishment (BRE). There is also a narrative on the subsequent refreshed fire risk assessment carried out by Lawrence Webster Forrest, and resulting discussions with both the Warwickshire Fire and Rescue Service and the council's insurers.

There have been significant measures put in place to minimise the potential of a shock event occurring, and an overview of these are provided within the report. In March 2018, a new policy for both sites was introduced to *evacuate in the event of a confirmed fire event*, which replaced the previous *stay put* policy. This was in response to the recommendations of the Fire Risk

Assessment and in consultation with Warwickshire Fire and Rescue Service (WFRS). Commentary is provided on how this change has been implemented and resourced.

Work has been progressing to secure additional properties in preparation for a potential decant of the Biart Place blocks, in the event of either regeneration or repair. A summary of these works is provided within the report, along with a suggested long-stop date of 31 March 2019 for the decant to be completed subject to the final findings of the Building Research Establishment (BRE) who have been instructed to validate survey data.

During September 2017, officers managed to speak to 122 households living at Biart Place to clarify their tenant profiling data and to clarify their perception of Biart Place as a place to live. The least satisfied households were families, whereas the most satisfied were single-persons. Common issues of dissatisfaction raised were those as such as noisy neighbours, inadequate heating and perceptions of drug use.

The report details why a regeneration scheme would be a more sustainable long-term solution for Biart Place, not just from a structural / buildings perspective, but that of customer satisfaction as well as demand for vacancies, plus it provides the opportunity to deliver housing which is both of a higher quality and increased affordability.

There is a proposed compensation package outlined in the report, for qualifying tenants, that are required to decant from their homes. This is accompanied by a summary of the potential impact of decanting tenants from their existing homes, both in terms of the requirement to secure them suitable alternative accommodation that meets their needs and the financial resources required. Proposals are also contained for a 'points system' to assist with the requirement to prioritise tenant decants according to housing need and in a transparent way.

In respect of Biart Place, the total estimated cost of a new development scheme is in the region of £25m, which includes costs over and above construction, for example decant and design costs. The financial impact of these costs on the HRA's financial resources, including capital balances, is considered, with it being anticipated that approximately £31m of internal resources would be required to fund the expanded capital programme. Commentary is given on the Council's capacity to borrow, now and in the medium term, given its current £87m debt cap. Should redevelopment of Rounds Garden be required it would be extremely challenging to undertake and finance such a scheme within the envelope of available internal resources. Financial support will need to be sought from Central Government. However, the magnitude and likelihood of any support is uncertain. After consideration of all available resources, should there be insufficient borrowing capacity to fund any residual capital financing requirement, then the Council would need to seek Secretary of State approval for the borrowing cap to be lifted.

There is substantially less detail available, at this time, in respect of Rounds Gardens structural issues. Perhaps as a virtue of its proximity to the amenities and facilities of the town-centre, the site is more popular than Biart Place, and when vacancies do arise, they are easily filled.

Work is in progress to clarify the condition of these blocks, using the same processes as for Biart Place (structural surveys to a configuration of 4 empty flats). The initial report has only just been received from MDA and will need to go through the same peer review process, by both Arup and the BRE, as the Biart Place report did. In addition, a new fire risk assessment will also be required. This will ensure that a consistent approach has been taken to understanding the issues of both sites.

Although the early indications are that the issues are not as serious as those at Biart Place, there is the potential for substantial remediation and mitigation works to be needed on site, the cost of which is unknown. The full implications for this site cannot be understood at this stage, as the full data, to inform a strategy moving forward is still being gathered.

To conclude, events in respect of Biart Place have unfolded very quickly and were obviously unplanned. As a consequence, the information gathered and due diligence performed has been on a reactive basis. In the absence of alternative and viable solutions, there is a strong case to be made for the demolition and regeneration of the site, particularly when overlaid with issues of low tenant satisfaction and even lower housing waiting list demand.

The structure at Rounds Gardens is still being investigated but it is clear that the structural issues, along with potential remediation measures are not the same, as at Biart Place.

1.0 Introduction

The Council has a responsibility to:

- manage its housing assets
- ensure that the housing stock is fit for purpose and sustainable in terms of meeting both current and future housing needs
- ensure the on-going safety of its tenants

There are two Council -owned high-rise sites in the borough:

- Biart Place, in the Eastlands Ward, comprising two blocks with a total of 124 flats (62 per block)
- Rounds Gardens, in the New Bilton Ward, comprising three blocks with a total of 189 flats (63 per block)

Both sites:

- were built approximately 50-years ago
- comprise 11 floors with a mix of 1-bedroom and two-bedroom flats
- contain leasehold properties – former Council flats that have been purchased (one at Biart Place and two at Rounds Gardens)
- are of Bison Large Panel System (LPS) construction. However, it should be noted that the blocks at Rounds Gardens benefitted some additional structural strengthening works, approximately 25 years ago
- have no gas supply
- are equipped with fire alarm and detection systems (mains operated rather than battery operated) to each flat
- have additional blocks of low-level sheltered flats within the site footprint of the site. There are 8 such flats at Biart Place (fronting on to Clifton Road) and 32 flats at Round Gardens.

At Biart Place there are 30 Council -owned garages adjacent to the blocks, whilst at Rounds Gardens, there are no garages, but the Council -owned and managed Control Centre, operates from a stand-alone building on the site.

The bulk of this report will focus on the facts in relation to Biart Place. This is because the intrusive structural surveys started earlier for this site, and therefore there is a more detailed understanding of both the structural performance of the blocks and likely investment requirements. In addition, data is presented in respect of tenants' perceptions of Biart Place alongside the demand for vacancies.

The main issues that the structural surveys for Biart Place have identified are:

- a possible risk to the structure of the building in a shock event – for example, a fire or explosion
- small voids in dry-packed concrete at the base of the dividing walls which has the potential to compromise fire compartmentalisation / fire resistance between individual flats

2.0 Rationale for commissioning recent structural survey works at Biart Place

In recent years, the high-rise blocks at Biart Place have been affected by issues of declining popularity, decreasing affordability and have become increasingly expensive to heat, due to their concrete construction.

As a result, officers commissioned intrusive-structural surveys of the blocks to:

- clarify the condition of the blocks
- increase their understanding of the construction type: and
- inform future investment plans for the blocks

At the same time as the structural surveys were carried out, tenants were visited so that officers could increase their understanding of:

- who is living in the blocks – family composition
- any vulnerabilities
- current and future housing needs
- perceptions of Biart Place as a place to live

Tenant profiling is something that the service is increasingly doing across its tenant-base to inform and, subsequently update, the emerging Housing Revenue Account business plan, due for consideration by Members later in 2018. It is also a priority piece of work in the recently adopted Housing Strategy 2018-20 action plan.

It should be noted that the tenant profiling exercise did not extend to the tenants of the low-level sheltered-housing block on Clifton Road (8 households).

3.0 Overview of the findings for Biart Place

Michael Dyson Associates (MDA) carried out surveys in December 2016, August 2017, and a significant intrusive survey in September 2017 to a configuration of four grouped flats.

The blocks at Biart Place were found to be of Bison Large Panel reinforced concrete construction built in or around 1968. This construction is similar to that of Ronan Point which was subject to partial collapse in 1968 following a piped gas explosion. Ronan Point was built with a similar (but not identical) reinforced concrete component system - the Taylor Woodrow system.

In the August 2017 report, MDA noted that the blocks had been standing for 50 years and there were no specific signs of structural movement either internally or externally within the flats inspected.

However, they did find several issues and concerns as follows:

- Fairway Court has suffered from a result of poor workmanship when originally constructed.
- The in-situ concrete connections between the pre-cast concrete floor and wall panels were not well constructed when the blocks were first built. In several locations steel linking dowels and loops between large panel structural components were not properly integrated into the structure. The construction of these joints is important to the overall integrity of the building and is therefore of concern. However, it should be noted that the compressive strength of the panels at Biart Place all exceed the minimum requirement.

- Similarly, upward projecting dowel bars between floor and wall panels and levelling bolts were not properly formed potentially impacting on the integrity of the structure.
- Most of the chloride results within precast reinforced concrete components were moderate to high. Steel reinforcement within concrete naturally forms an oxide film when first cast. This layer of oxide protects the steel from rusting. Chloride is known to break down this protective layer of oxide. High levels of chloride are therefore known to signify the early degradation of reinforced concrete and a shortened component lifespan. Whilst there is no current sign of severe rusting or spalling of concrete away from reinforcement this finding is important when considering the future life of the building. At Biart Place the BRE have advised the floor units are the most vulnerable to this, given the minimal level of thickness of concrete cover, and therefore will have a shortened lifespan.
- Carbonation of the concrete has already reached or is approaching the depth of steel reinforcement. Carbonation is a further factor determining that the reinforced concrete in the building has a limited life. Carbonation of concrete is caused when carbon dioxide / water in the air penetrates reinforced concrete changing its alkaline nature to a neutral one. This again leads to the potential of steel to rust and is a sign of shortened component lifespan.
- Poorly compacted, friable dry pack mortar with large void areas were found beneath wall panels and can impact on the compressive strength structural integrity and fire compartmentation of the building.
- No retro-fitted steel angles had been installed within the 4 flats inspected (although these were found in prior surveys in other flats). Just after the Ronan Point disaster, in 1968, the government recommended strengthening angles to be retro fitted to similar blocks. Although these cannot be proven to conform to modern structural standards they are a sign of structural enhancement and considered of benefit.
- Where the steel reinforcement locating dowels and bolts were located, these were noted to be in satisfactory condition with only minor surface rust.

MDA concluded that “all of the above issues are of great concern for the structural integrity of the block, particularly in the event of explosion of fire”.

4.0 Michael Dyson Associates (MDA) recommendations in respect of Biart Place

MDA advised that they could not recommend any remedial solutions that would completely eliminate structural failure.

MDA went onto recommend that the risks be managed in accordance with the Building Research Establishment (BRE) Digest to reduce risks to *as low as reasonably possible* (the ALARP principle). They suggested that this would require an exoskeleton frame or steel members constructed to the outside of the block. This would help to secure the external panels in place, in the event of an explosion and would reduce the likelihood (rather than eliminate the risk) of the external walls blowing out in a shock event. Such a solution would not address issues of the internal crosswalls, where levelling bolts have been observed to be missing and concrete packing, poorly constructed.

5.0 Actions taken in response to the findings for Biart Place

Upon receipt of the initial findings from MDA, and ahead of the return of the laboratory test results in relation to the concrete (which were received in November 2017), there were two immediate sets of actions put into place, which can be split as:

- Actions to validate / qualify the data received to date - see section 6.0 of this report
- Additional measures put in place to reduce the potential for a shock event occurring within the blocks – covered in section 7.0 of this report

6.0 Validation of the data received from MDA in respect of Biart Place

Officers acted in a swift, professional and diligent manner and ensured that Cabinet was briefed on the findings in September 2017, with a further update in November 2017.

At its September update, Cabinet requested the appointment of another specialist structural engineer to peer review the findings and conclusions of MDA. This resulted in the appointment of Arup, an industry leader in high-rise construction expertise, in September 2017.

Arup subsequently recommended additional surveys be carried out to the blocks by MDA to inform both short-term and long-term decision-making by the Council in respect of the future of the blocks. The required surveys were in respect of:

- Inherent fire-resistance of the structure
- Resistance to wind loading
- Structural calculations to quantify the building strength when exposed to accidental loading

Due to the differing methodologies, and approaches by each engineer and the need for additional survey data it was not practicable for MDA to submit a response immediately.

1. Fire resistance of the structure: the survey data was received in December 2017 and confirmed that the fire resistance of structural elements was assessed at generally 1 hour, which is in accordance with the British Standard. However, Arup confirmed that the walls are up to 90 minutes in accordance with the more modern Euro code.
2. In February 2018, MDA confirmed the structural wind assessment concluded that the building was acceptable within the limits of the survey information obtained. Arup are reviewing this currently and their final conclusions will be presented in a report at the end of April at which time the BRE will also review.
3. Engineers agreed that given the varying, but known, building defects, structural calculations for accidental loading would not prove that the building could conform to new building standards and therefore were not performed.

Both Warwickshire Fire and Rescue Service (WFRS) and the Council's insurers were notified of the additional risks in December 2017, and new fire risk assessments for the blocks were commissioned. It should be noted that in light of the additional mitigation measures put in place the Council's insurers have made no material amendments to the terms and conditions of cover. There is ongoing and regular dialogue with the WFRS to ensure that they are fully briefed as to current events and are in receipt of data to help them plan how to respond should there be a fire event at Biart Place.

The renewed fire risk assessment was carried out in February 2018 by Lawrence Webster Forrest (LWF), who are fire engineers as well as having expertise in structural surveying. Their assessment summary was:

- The Fire Risks are deemed tolerable / acceptable as defined under the Fire Reform Act 2005 as amended.
- RBC had already undertaken general fire precaution works – minor additional work / precautions noted
- Their main recommendations were:
 - The current stay-put in the event of a fire advice be changed and an evacuation on a confirmed alarm basis be introduced; and
 - A new building-wide fire alarm system be installed

It is worth noting that in the last 10-years there has been one fire at Biart Place, and this was successfully contained within the flat.

In February 2018, officers engaged the services of the Building Research Establishment (BRE), to offer expert opinion on the data collected to date. The BRE advises government on building policy and was the author of the latest *handbook for the structural assessment of large panel system (LPS) dwelling blocks for accidental loading* (BR 511 published in 2012). This is the latest official guidance on structural analysis and risk management of this type of structure. Given the potential significance of the findings to date it was felt that this level of expertise would be welcomed. The WFRS also welcomed the engagement of the BRE's advisory services.

After a desk top review of the MDA reports the BRE have reported that:

1. Further structural calculations/proof is required to substantiate MDA's conclusions that the safety of the buildings is compromised in the event of a fire or explosion and to determine that the buildings cannot be strengthened.
2. Evidence of poor workmanship is apparent but determination of the possibility and detail of strengthening work requires further intrusive investigation, fire/explosion modelling and structural calculations.
3. Evidence of high chloride and carbonization levels needs further validation to predict the remaining life of the building.

The BRE have also been instructed to undertake the further work as noted in 1 to 3 above and they will report back in early summer 2018.

7.0 Additional action taken to minimise the potential of a shock event at Biart Place

1. Neither of the Council's high-rise sites, Biart Place and Rounds Gardens, have a mains gas supply connected to them and beneficially both sites have a 24/7 concierge service and closed-circuit television monitoring.

2. In September 2017, a local security company was commissioned to provide security guards on a 24/7 basis to patrol the blocks. Their brief was originally to walk the blocks at regular intervals, ensure that the communal areas are free from items, and to look out for anyone potentially carrying combustible items, for example, portable gas appliances into the blocks.

Latterly, their brief has extended to inspecting void properties and performing the role of fire marshalls, for which they are trained. In February 2018, this presence was increased from 1 guard per block to 2.

3. The whole of the Council's tenant base received updated fire prevention advice in the Winter 2017 edition of *The Tenant Times*.
4. An electrical safety-audit was undertaken in Biart Place to identify any potentially hazardous white goods or bad practices that tenants may be undertaking within their homes.
5. All letterboxes to void properties are now sealed
6. Existing external railings fences and barriers protect the buildings from vehicle impact

Since the blocks were built, there has been a 'stay put' policy in the event of fire. On 13 March 2018, tenants were advised that this policy has now been replaced by one of 'stay put until advised to evacuate policy'. This change was made in response to the recommendations of the Fire Risk Assessment and consultation with Warwickshire Fire and Rescue Service (WFRS).

Immediately following this change to policy, tenants (and their families), where this is a known physical or sensory impairment, were prioritised for visits to establish what support they may potentially need to evacuate in a confirmed fire event. Arrangements are in place to share this information, which is updated weekly, with both the WFRS and the security company, to assist their response to any fire event.

The Security guards are all fire-marshal trained and have been issued with air-horns to activate to sound the alarm, should this be needed. It should be noted that there is no current requirement for residential tower blocks to have a common fire alarm and detection system.

Additional fire advice signage has been installed as per the recommendations of the Fire Risk Assessment, including a copy of the new evacuation procedure displayed next to the lifts on each floor, and refuge point signage is being put in place by the stairwells. Fire assembly point signage has been installed in the car park to the rear of the low-level blocks on Clifton Road so that tenants are aware of where to congregate upon evacuation.

8.0 Management of Biart Place

Biart Place tenants receive several housing management services, which are payable through their weekly service charge (which does qualify for housing benefit / Universal Credit). These services are:

- 24/7 concierge and CCTV
- Communal cleaning
- Communal lighting
- Estate officer / control centre

Grounds maintenance, grass-cutting, caretaking and housing officer costs are met via the rents.

The rent for a:

- 1-bedroom flat is currently £95.62 (which includes a weekly service charge of £21.68)
- 2-bedroom flat is currently £104.71 (which includes a weekly service charge of £22.51)

The current services provided by Stonewall do not form part of the service charge and a supplementary budget has been requested as part of the recommendations to this report.

Currently occupancy of Biart Place is 90 households, plus the leaseholder property. There are currently 35 void units, which have arisen due to:

- 8 empty flats being needed (one cluster of 4 in each block which had to be above, below and next door to one another) to permit the intrusive structural survey work
- People moving out, who were already on the housing waiting list, having received a suitable alternative offer of accommodation
- Households that were occupying a property on a non-secure tenancy moving to suitable alternative temporary accommodation
- Void flats not being re-let whilst plans for the site are being considered. Any potential remediation work would be potentially very intrusive and require households to move out on a temporary basis.

9.0 Securing additional properties for a potential decant

Additional works have been progressing to secure additional properties in preparation for a potential decant of the blocks. This is because the evidence suggests that a decant for Biart Place will be required not just in the event of regeneration, but also should the Council wish to pursue remedial works to repair. Officers have been advised that these works will be intrusive both externally and internally and would require the properties to be empty. The key additional works are :

- On-going efforts to secure additional properties through the existing private-sector leasing scheme, to provide people living in the blocks a potential means of temporary accommodation to move into
- High-level and non-specific conversations with our housing association partners in respect of potential opportunities within their own stock – within and outside of Rugby
- On-going acquisition of properties to increase the Council's portfolio of housing stock. However, this is a slow process and inevitably supply lags behind demand.
- Non-specific discussions with local lettings agents in an attempt to broker a deal whereby the Council rents homes direct and then sub-lets them, whilst underwriting the difference in rents through a guarantor reserve.

- A mailshot to local empty property owners, inviting them to contact the Council should they wish to consider selling or renting their home to us
- Direct discussions with corporate landowners and developers with a view to leasing properties.

10.0 Tenant perceptions of Biart Place

During September 2017, officers managed to speak to 122 households to clarify their tenant profiling data and to clarify their perception of Biart Place as a place to live. Table 1, below provides a summary of positive and negative household perceptions:

No. of households	View	Most frequent reasons cited for response
57	Negative	<ul style="list-style-type: none"> • noisy neighbours • inadequate heating • perception of drug use
37	Positive	<ul style="list-style-type: none"> • security • CCTV
28	no comment	

Table 1 – Tenant perceptions of Biart Place

There was a clear split in perceptions of the blocks as a place to live by household composition. The least satisfied households were families whereas the most satisfied were single-person house holds.

11.0 Known investment requirements for the blocks

There is an estimated investment requirement of £2,108,000, for the high-rise blocks, over the next 10-years, to meet the Decent Homes requirement. The breakdown of the investment required in summarised in table 2, below:

Item	£ Cost per unit	No. of units	Total £'s
Kitchens	3,000	124	372,000
Bathrooms	2,375	124	294,500
Lifts	60,000	4	240,000
Windows	3,000	124	372,000
Heating	2,850	124	353,400
Roof	100,000	2	200,000
New Sprinklers (Flats)	1,300	124	161,200
New hardstanding for Warks Fire and Rescue Service fire appliances	50,000	2	100,000
Secure car park	15,000	1	15,000
Total			2,108,100

Table 2 – Known investment requirements

The Table 3 below provides a summary of total day-to-day cost of repairs and maintenance for the site for the period 1 April 2014 – 31 March 2017:

Repairs / maintenance issue	Cost £'s
Responsive repairs	86,000
Works to prepare empty properties for new tenants	73,000
Asbestos works	10,000
Fire risk	21,000
Planned maintenance	32,000
<i>Total</i>	222,000
Average annual cost	75,000

Table 3 Repairs cost

Quotes have been obtained for the installation of the recommended alarm system for the site, which would be a baseline figure of £75,000 per block. This is based on the assumption that there are no issues of:

- impeded access to carry out the works – which are invasive in nature and will require access to individual flats
- asbestos which would need to be managed. We know that there is asbestos in the blocks and any drilling to permit the installation of a hard wire system would require the engagement of specialist contractors to both drill and manage the resulting dust

Given the expense and specialism associated with asbestos management it is likely that installation costs for the alarm system are more likely to be in the region of £150,000 per block.

Given the practical issues associated with the commissioning and installation, it is unlikely that such a system would be fully functional much before 4-6 months. Should a decision be taken to regenerate the site, it would be hoped to have decanted all tenants by the end of September 2018 (with a long-stop date of the end of March 2019).

12.0 Why a regeneration scheme would be a more sustainable long-term solution

The proposed exoskeleton frame / steel members to the outside of the block, would help to secure the external panels in place, in the event of an explosion and would reduce the likelihood (rather than eliminate the risk) of the external walls blowing out in a shock event. However, this solution would not address issues of the internal crosswalls, where levelling bolts have been observed to be missing. The high levels of chloride and high penetration levels of carbonation of the concrete are also factors reducing the potential future life of the buildings and these are defects that cannot be easily rectified.

Such a solution would also mean that tenants would have to be decanted from the blocks for the duration of the works.

There are further issues impacting on the future sustainability of Biart Place, which need to be considered in parallel with the construction issues:

- The scheme attracts amongst the lowest demand from housing applicants in the borough and is potentially seen as housing of last resort for those that have no other housing options available to them
- Low-levels of tenant satisfaction
- Poor local reputation of the blocks
- Issues of affordable warmth - the blocks are solid concrete-wall constructed, with electric heating (as there is no gas supply to the blocks) and are therefore expensive and hard to heat, which leads to complaints of condensation and damp.
- The level of additional investment required just to carry on as they are

When considered in totality, these factors present a strong evidence-base to inform a business case for the regeneration of the site. Such a scheme would:

- provide a sustainable supply of new homes, to meet a range of housing needs
- make better use of the footprint of the site, especially if additional land assembly opportunities can be secured from adjacent land owners
- bring benefits of low maintenance of the new housing units
- bring benefits of better energy efficiency and thermal performance within new housing units
- be an opportunity to potentially increase affordability, through quality design which could potentially help to reduce service charges
- have the strong potential to attract inward investment from Homes England, who administer government grant for new affordable housing. The Council is already registered with them as a delivery partner, allowing us the potential ability to draw down substantial grant to assist in the regeneration of the site. It should be noted that senior officers within Homes England are aware of the potential for the Council to engage in a major regeneration project as a reactive response to poor quality workmanship when Biart Place was constructed. The dialogue with them is ongoing.
- be in keeping with the priorities of the recently adopted Housing Strategy 2018-20 (*helping people to access a suitable high-quality home, that meets their needs, at a price they can afford as well as making best use of the borough's current and planned housing supply*)

As at 1 March 2018, there were 1,084 applicants on the Council's housing waiting list. However, this is a fluid situation with new applicants coming onto and off the list on a daily basis, and the circumstances of other applicants changing. The Council operates a banding system from 1+ being the most urgent housing need. The banding of the 1,084 applicants on the waiting list is summarised in table 4 below:

Band	No. of applicants
1+	Nil
1	182
2	382
3	346
4	131
Other*	43

Table 4 Housing Need

*reserve listing for harder to let properties and mutual exchanges.

13.0 What the regeneration of Biart Place would mean for tenants

There are currently 90 households, plus the leasehold property, resident in the high-rise blocks at Biart Place, the composition of which is outlined in table 5, below:

Household type	Number
Single-person / couple	46*
1-child family	26
2-child family	10
3-adults and 1-child	1
4-adults	2
3-adults	1
Temp accommodation	4
Sub tenant of leaseholder	1
Total	91

Table 5 Housing Composition Biart Place

*includes 2 x households that did not respond to recent tenant profiling. As they are occupying a 1-bedroom flat, it is reasonable to assume that the household composition is that of a couple / single person.

The Council has a decant policy which was adopted in 2014. This was refreshed in December 2017, and was subsequently scrutinised by the Council's Legal Services team who were satisfied that the refreshed document contained no material amendments from the 2014 version.

In line with legislation, the following people will be eligible for assistance and possible re-housing:

- Tenants
- Leaseholders
- Their family members, limited to partners and spouses and dependents living in the affected property, 12 months prior to the date of the decant.

There is no duty for the Council to rehouse unauthorised occupants, sub-tenants, lodgers, licensees and other non-secure occupants under the decant requirements. However, there may be duties owed by the Council under Homelessness legislation.

The sourcing of suitable alternative accommodation for qualifying households will present a significant challenge. This is because:

1. The Council is obliged to offer secure tenants a secure tenancy, or if they move to a registered provider's property then this will be an assured tenancy
2. The supply of Council homes is severely limited and this is further compounded by the Council choosing to make provision for statutory homelessness within its housing stock.
3. 103 of the Council's own Housing Revenue Account properties, are currently being used to accommodate homeless households
4. The private-sector (including the private-sector leasing scheme) is not a route whereby we can legally discharge our duty to permanently re-house, those with secure tenancies. However, the exception to this is in the case of households occupying properties as interim / temporary accommodation, to whom we owe a statutory homeless duty
5. Any offer of alternative accommodation must be both suitable and reasonable. Examples of issues that impact on this are the proximity to school, work and support networks. Consideration is to be given to issues in respect of both the Children Act 2004 and the Care Act 2014.
6. The Council still has a statutory duty to provide accommodation for those in priority need, on a permanent or temporary basis. Recently, the Council has discharged its duty to provide temporary bed and breakfast accommodation as far away as Northamptonshire
7. The Housing Register is in a state of inertia as properties are not coming forward. In real terms, we have managed to achieve 37 lets in the period between 1 September 2017 and 28 February 2018, including nominations to housing associations.

Tenants can potentially be offered an alternative property with a Registered Provider (RP). This will be dependent on the availability of properties, their affordability and any other local letting criteria that the RP may apply (for example they may have a policy of no children under the age of 8 in a flat).

Early, and non-specific discussions with RP's, who hold stock in the borough, indicate a general willingness to assist the Council with accommodation, if called upon to do so.

There has been a recent increase in void units within the Council's housing stock that can be potentially used to decant tenants from Biart Place.

Officers are currently consulting with tenants to clarify their perception of potential ways forward for the site and to gain a better understanding of their housing requirements. It may be that:

- Tenants may wish to give up their tenancy and make their own arrangements for housing, including the potential to use their compensation for home purchase
- Some may wish to move to alternative accommodation outside of the borough
- Given the unpopularity of the site, tenants are not overly restrictive in their requirements for suitable alternative accommodation

- With the tenants' agreement, we temporarily place people into suitable privately-rented or leased accommodation until a suitable vacancy arises that better meets their needs, with the Council underwriting any additional rent

It is proposed that any household that is moved from the scheme does so on a permanent basis, with no guarantee to return to the new scheme. The rationale for this is that:

- The housing associations have already advised that they would only want to house people on a permanent basis. This is because if people view their home as being temporary then they are less likely to look after it, or feel they have a stake in their local community. This also applies to tenants of our own stock.
- The final mix of housing for a new regeneration scheme is a way off yet so the Council is unable to commit that tenants can return to the new development. Doing so would potentially limit the options open to the Council for the redevelopment and could undermine the commercial opportunities available to make the best use of the site.
- The expectations of tenants wanting to move back to the current site would have to be resourced and managed.
- Tenants will still have the opportunity to apply to join the Council's housing waiting list for a vacancy at the new scheme, if they meet the criteria set out in the Council's allocations policy. They will also have the right to seek a mutual-exchange.
- This is in keeping with the approach used when Pettiver Crescent was redeveloped a few years ago.

It will be necessary for all households that are owed a duty to be offered suitable alternative accommodation, to be registered in Band 1+ of the housing waiting list, as this is a proportionate means of securing the legitimate aim of emptying the blocks.

It is likely that several households would potentially be eligible for the same property, so it is necessary to distinguish how they will be prioritised when a suitable vacancy arises. This helps to ensure transparency in the lettings process. Table 6, below, sets out the proposed prioritisation of applicants:

Issue	points
Physical or sensory impairment living on floors 10-8	10
Physical or sensory impairment living on floors 7-5	8
Physical or sensory impairment and living on floor 4-0	5
Families with children aged 5 years and under (points per child)	10
Families with children aged 6-10 years (points per child)	8
Families with children aged 11-17 years (points per child)	5
Living on floors 10–8	10
Living on floors 7-5	8
Living on floors 4-0	5

Table 6 Applicants Points Priorities

If an applicant has an equal number of points with another household, then the applicant living on the highest floor will take priority. If there is still a tie then priority will be given to the applicant with the youngest child in full-time residence.

There are a lot of variables in terms of moving tenants to alternative homes, which could impact on when vacant possession of the blocks is achieved. However, it is useful to set a target date for this to ensure that the project keeps momentum. On this basis, a target of 30 September 2018 is proposed, with a long-stop date of the end of March 2019. The Building Research Establishment (BRE) has advised that they see this as reasonable, given the rest of the survey data which they have reviewed, as well as conducting a visit to site on 6 March 2018. However, this position has the potential to change as the results of additional structural surveys, undertaken by the BRE in early April 2018, become known. What does remain unpredictable in this process is how tenants will choose to respond to the need to leave their homes and accept suitable alternative accommodation.

14. Compensation package for qualifying households in the event of site regeneration

Should the decision be taken to regenerate the site then the majority of the 91 households, still in residence will be eligible for Home Loss Payments. These payments are statutory (Land Compensation Act 1973). The current amount, set by the Secretary of State through the statutory instrument *the Home Loss Payments (Prescribed Amounts) (England) Regulations 2017* is £6,100 per qualifying household. Rent arrears, inclusive of court costs, can be offset against any Home Loss payment. The trigger for payment to qualifying households would be them returning their key and giving the Council vacant possession of their former home.

It should be noted that this payment is solely to compensate tenants for the loss of their home. In addition, there is a discretionary disturbance payment that each qualifying household is entitled to, in recognition of the reasonable costs associated with their having to move to an alternative home, for example:

- Removal costs
- Redirection of mail
- Disconnection / re-siting of TV and satellite equipment
- Disconnection / reconnection of a cooker by a suitably qualified person (the National Inspection Council for Electrical Installation Contracting (NICEIC) or Gas Safe registered)
- Disconnection and reconnection of telephone and/or internet
- Replacement carpets and curtains – whereby the carpets and curtains in the original home cannot be re-used
- New school uniforms – if the move to a new home triggers a requirement for a child to attend a different school
- Removing and disposing of all rubbish and unwanted items prior to vacating the property

The trigger for this payment would be when a tenant has accepted an alternative offer of suitable accommodation.

When the decant of Pettiver Crescent was approved in 2011 the flat-rate for the discretionary disturbance payment was set at £1,000 per property, all of which were 1-bedroom flats. If the Consumer Price Index (CPI) was applied to this figure, to reflect inflation, back to 2011 then this would currently amount to £1,118. If there had been 2-bed flats at Pettiver Crescent these would have potentially attracted £1,300 in 2011. Applying CPI to 2011 this would amount to £1,453 in today's terms.

As the tenants at Pettiver Crescent were elderly, the Council facilitated their removals. However, at Biart Place, the majority of tenants will be required to arrange their own removals. On this basis, it would be reasonable to allocate an extra £200 for the cost of doing so for 1-bedroom flats and £300 for 2-bedroom flats. It is acknowledged that some tenants, through vulnerability, and age, may require more support from the Council in assisting them with moving home.

It has already been mentioned that some tenants may wish to secure their own alternative housing solution rather than rely on the Council or a housing association. If tenants choose to take on this additional inconvenience and potential additional costs then it would seem fair to increase their overall compensation package to £10,000 (including statutory home-loss payment and enhanced discretionary disturbance payment). The proposed financial compensation package for qualifying households is summarised in table 7 on the following page:

Breakdown of package	1-bedroom flats £'s	2 bedroom-flats £'s	8 sheltered flats £'s	Option to secure own accommodation
Statutory home-loss payment	6,100	6,100	6,100	6,100
Discretionary disturbance payment (inc. removals)	1,500	1,750	1,500	3,900
Total per household	7,600	7,850	7,600	10,000

Table 7 Compensation Package

It should be noted that according to the Housing Benefit Regulations 2006, the discretionary disturbance payment is specifically excluded from entitlement calculations. However, the Statutory Home-loss Payment is counted as capital. The capital limits for working age customers is £6,000 (above which a reduction of £1 in benefit entitlement applies for each £250 in capital above that limit) and for pensionable age customers is £10,000 (above which a reduction of £1 in benefit entitlement applies for each £500 in capital above that limit). If the total capital held by the customer and partner is over £16,000, then no Housing Benefit will be payable.

If the customer uses the capital to pay off debts, or for furniture for the new home then this will not be considered as deprivation of capital for the purposes of benefits eligibility. If it is used for holidays and similar luxury uses, then a different view will be taken.

In addition to the tenants, there is a leaseholder, who would also be eligible for compensation, fixed at the market-value of their property and the statutory home-loss payment. It should be noted that any sub-tenant would not be eligible for compensation.

15.0 Compensation package for qualifying households in the event of repair

The indications are that if the blocks were to be repaired then the works required would be so invasive and substantial as to require tenants to move out for several months. The advice from the Legal Services team is that this level of disruption to tenants is sufficient justification for a permanent decant, and would trigger the Home-loss Payment and disturbance payments that go with this.

16.0 Rounds Gardens issues

Rounds Gardens comprises three blocks of high-rise flats (11 storeys), each containing 63 flats, which are a mix of 1 and 2-bedroom. Perhaps due to its proximity to the amenities and facilities of the town-centre, the site is more popular than Biart Place, and when vacancies do arise, they are easily filled.

Work is in progress to clarify the condition of these blocks, using the same processes as for Biart Place (structural surveys to a configuration of 4 empty flats). The initial report has only just been received from MDA and will need to go through the same peer review process, by both Arup and the BRE, as the Biart Place report did. In addition, a new fire risk assessment will also be required. This will ensure that a consistent approach has been taken to understanding the issues of both sites.

Although the early indications are that the issues are not as serious as those at Biart Place, there is the potential for substantial remediation and mitigation works to be needed on site, the cost of which is unknown. The full implications for this site cannot be understood at this stage, as the full data, to inform a strategy moving forward, is currently being gathered.

17.0 Financial implications

17.1 Cost Estimates

The total estimated cost of a new development scheme at Biart Place is in the region of £25 m. This cost estimate is informed by an assessment undertaken by independent building and project consultants. This initial assessment has reported that the construction cost of the development ranges between £20.35 m to £22.75 m, depending on scheme design. This estimate is based on the following assumptions and provisions:

- An allowance for preliminaries, overheads and profit have been included based on BCIS Costs Data checked against recent tender submissions
- The £/sqft is deemed inclusive of the following works:
 - A similar number of housing units on the site as existing
 - Moderate specification of finish to apartments and housing
 - Lift Installations within apartments
 - Fit out to core areas
 - Low Pressure Hot Water heating system, no cooling, small power, Hot & Cold Water Service, fire alarm
 - Naturally ventilated building
 - Nominal allowance for external works
 - Main Contractor Preliminaries
 - Main Contractor overheads and profit
- Initial inflation assumptions
- Contingency has been included at 10%
- A reasonable allowance has been made for the purchase of additional land from Network Rail and build costs on that land
- No other land purchase

Other costs built into the overall £25m cost estimate include approximately £300,000 incurred to date on survey works, fire precaution works and security at Biart Place and Rounds Gardens. Plus, approximately £2.2m on further surveys and structural modelling, decanting, land acquisition and security costs (the latter for both sites).

In accordance with Contract Standing Orders an exemption was approved by the Head of Corporate Resources, Monitoring Officer and Legal & Procurement Services Manager and at the time of writing, approval had been requested from the Communities and Homes Portfolio Holder, to enable the provision of site security. This cost is subject to a limit of £615,278, as per schedule 3 of the Public Contracts Regulations and therefore it will be necessary to undertake a procurement exercise in the near future, to ensure the provision of a security service until such time as its no longer required.

No refurbishment or redevelopment costs for Rounds Gardens are included in the £25m estimate.

17.2 HRA Capital Programme

The HRA Capital Programme for 2018/19 was approved by Council on 5th February 2018. The programme is approximately £2.9m and consists of the following major schemes:

Scheme	£'000	Comment
Stock Improvements & Capitalised Repairs	915	Including; bathrooms, heating upgrades, kitchen improvements and rewiring
Purchase of Council Homes	1,685	to increase supply to meet need
Other	290	Including lifeline renewal programme and Disabled Adaptations
Total	2,890	

The Stock Improvements and Capitalised Repairs will be financed from the Major Repairs Reserve, with the other schemes being funded from a mix of right-to-buy receipts and revenue contributions.

In addition, it is anticipated that approximately £6.5m of budgets from the 2017/18 will be underspent at the year-end and requested to be slipped forward to the new year. This slippage largely relates to the following schemes:

Anticipated Slippage	£'000	Comments
Cawston Meadows Houses	4,000	As approved by Council in September 2017
Energy Efficiency Phase 2	900	Assessing phase 1 before progressing
Purchase of Council Homes	585	Expected slippage from 2017/18
Property Repairs Vehicles	350	Awaiting review of procurement of vehicles
Other	665	
Total	6,500	

Again, all the above schemes are to be funded from a mix of right to buy receipts and revenue contributions.

Finally, approval has been requested for the redevelopment of Bell House and the procurement of a new Housing Management System. Subject to these approvals, a further £2.3m will be added to the HRA capital programme, of which £1.7m will need to be financed from internal resources.

Taking account of all the above schemes, should a redevelopment of Biart Place be required at an estimated cost in the region of £25m, the HRA capital programme is likely to exceed £37m.

17.3 Financing Sources

A capital programme of this scale will place pressure on the HRA's financial resources. After considering contributions from the Major Repairs Reserve Account, likely available grant funding and Right to Buy Receipts, it is anticipated that approximately £31m of internal resources would be required to fund the expanded capital programme.

In terms of resources available, at the start of 2018/19 it is anticipated that £13m will be available in Capital Balances, some of which are already allocated to recent commitments for acquisitions. However, the remainder, in excess of £10m, can be used towards this project. It is also expected that at the beginning of 2018/19 the Council will have £21m of borrowing capacity available, which is represented as the headroom between current debt levels and the Council's £87m debt cap. These funding estimates will be confirmed after the closure of the 2017/18 accounts.

Using a mix of borrowing and capital balances to fund the scheme, and assuming a staggered phasing of the financing over a couple of years, would likely see headroom shrink to approximately £10m at its lowest point. Therefore, based on current estimates and assumptions, there should be sufficient resources available to fund a development of Biart Place.

However, this constrains the Council's ability to acquire new homes to increase its housing stock and does not leave much resources available for refurbishment works/redevelopment at Rounds Garden should these be required.

Once the costing estimates for a potential development have been advanced and refined it will be necessary for consideration to be given to a detailed financing strategy for the scheme, alongside further anticipated demands on HRA financial resources, such as from Rounds Gardens. It should be noted that work is in progress in respect of seeking financial support from Central Government. However, the magnitude and likelihood of any support is uncertain. After consideration of all available resources, should there be insufficient borrowing capacity to fund any residual capital financing requirement then the Council would need to seek Secretary of State approval for the borrowing cap to be lifted.

Included within the recommendations of this report is a request to divert £4.992m that was budgeted for in 2017/18 for the voluntary repayment of debt, towards HRA revenue balances. This enables a necessary increase in revenue resources, as currently HRA revenue balances are at the minimum assessed level of approximately £1.4m. However, it will have an associated impact on interest payments across the medium term, which is anticipated to be in the region of £50,000 per annum, but will be reported to Members in future financial budget and monitoring reports.

18.0 Communications with tenants

Tenants of Biart Place have already been advised of the report being submitted for the consideration of Council. They have also been directed to access the publicly available copy on the Council's web site.

An information pack has been prepared for distribution to tenants, in anticipation of a regeneration scheme being approved. This is in a question and answer format, and if Council agree to go down the route of regeneration/major repairs for the site, these will be delivered to tenants tomorrow, along with letters advising them of the Council's decision.

Since the letters, outlining the new fire evacuation procedure and the potential for regeneration of the site were hand delivered to tenants on 13 March 2018, tenants have been consulted individually to clarify their thoughts on both the potential for redevelopment and their individual housing needs. This has been achieved through home visits. The consultation period will continue to the end of May 2018.

In the case of Rounds Gardens tenants, they too have been notified as to this meeting of Council and have been signposted to the availability of documents on the Council's website. They have been advised that the situation with Rounds Gardens is different to that of Biart Place and that the picture is so far incomplete. Tenants will be kept informed of issues at appropriate intervals.

19.0 Conclusion

Events in respect of Biart Place have unfolded very quickly and were obviously unplanned. As a consequence, the information gathered and due diligence performed has been on a reactive basis. In the absence of alternative and viable solutions, there is a strong case to be made for the demolition and regeneration of the site, particularly when overlaid with issues of low tenant satisfaction and even lower housing waiting list demand.

The issues with Rounds Gardens are still being established but the issues, along with potential remediation measures, are not the same.

20.0 Recommendation

1. The decanting of tenants from Biart Place commence with immediate effect, in order to facilitate either redevelopment or repairs to the site;
2. the Head of Communities and Homes be given delegated authority to administer a compensation package to tenants, not exceeding £10,000 per eligible household in respect of the development of the Biart Place high-rise blocks;
3. the implementation of a points scoring system, to prioritise decant moves from Biart Place, as outlined in section 13 of this report be approved;
4. negotiations progress with adjacent land-owners to assist with additional land assembly to permit a wider developable footprint;
5. negotiations progress with the leaseholder at Biart Place, with a view to purchasing their property, primarily through negotiation, and if needs be, the Compulsory Purchase Order route;
6. negotiations progress with the licensees of telecoms equipment on the roofs of the blocks to terminate their lease;
7. works progress to inform either a new development scheme or a repairs scheme for the consideration of Council in Summer 2018;
8. work progress to inform options for Rounds Gardens, once the base position is established, with a further report be submitted for the consideration of Council in Summer 2018;
9. supplementary budgets be approved in respect of:
 - I. Decanting of £870,000 (this assumes maximum take-up of the £10,000 per eligible household as outlined in section 14 of this report), in respect of Biart Place, to be met from HRA capital resources;

- II. Additional surveys, structural modelling and design, of £170,000, to be met from HRA capital resources;
 - III. Security guard presence at Biart Place and Rounds Gardens, until March 2019, leasing of private sector properties for use as temporary accommodation and associated staffing costs, totalling £1,351,500, to be met from HRA revenue resources;
 - IV. Establishing a guarantor / indemnity reserve of £160,000 to mitigate potential losses arising from the increase in private sector allocations, to be met from HRA revenue resources; and
10. a reallocation of the 2017/18 budgeted HRA voluntary debt repayment of £4.992m to HRA revenue balances and subsequent impact on revenue (interest) costs be built into forthcoming budgets.