

CABINET

WEDNESDAY, 13TH FEBRUARY, 2019, 6.00 PM

SHIELD ROOM, CIVIC CENTRE, WEST PADDOCK, LEYLAND, PR25
1DH

AGENDA

1 Apologies for Absence

**2 Minutes of meeting Wednesday, 23 January 2019 of
Cabinet**

(Pages 3 - 8)

3 Declarations of Interest

Members are requested to indicate at this stage in the proceedings any items on the agenda in which they intend to declare an interest. Members are reminded that if the interest is a Disclosable Pecuniary Interest (as defined in the Members' Code of Conduct) they must leave the room for the whole of that item. If the interest is not a Disclosable Pecuniary Interest, but is such that a member of the public could reasonably regard it as being so significant that it is likely that it would prejudice their judgment of the public interest (as explained in the Code of Conduct) then they may make representations, but then must leave the meeting for the remainder of the item.

4 Cabinet Forward Plan

(Pages 9 - 14)

Cabinet Forward Plan for the four month period 1 February – 31 May 2019 attached.

Leader of the Council

5 Corporate Plan 2019-2024 and Risk Registers

(Pages 15 - 64)

Report of the Chief Executive attached.

**6 Nomination of Mayor-elect and Deputy Mayor-elect 2019-
20**

(Pages 65 - 68)

Report of the Assistant Director of Scrutiny and Democratic Services attached.

Cabinet Member (Finance)

7 Council Tax Support Scheme - Modelling outcome and Hardship Scheme Review	(Pages 69 - 108)
Report of the Director of Customer and Digital attached.	
8 2019/20 Budget and Medium Term Financial Strategy 2019/20 to 2022/23	(Pages 109 - 170)
Report of the Deputy Chief Executive of Resources and Transformation (Section 151 Officer) attached.	
9 Pay Line Implementation 2019	(Pages 171 - 176)
Report of the Deputy Chief Executive of Resources and Transformation (Section 151 Officer) attached.	
Cabinet Member (Corporate Support and Assets)	
10 Digital Strategy 2019-2022	(Pages 177 - 214)
Report of the Director of Customer and Digital attached.	
Cabinet Member (Streetscene and Neighbourhoods)	
11 Refurbishment of Worden Park Play Area	(Pages 215 - 220)
Report of the Assistant Director of Neighbourhoods and Development attached.	

Heather McManus
CHIEF EXECUTIVE

Electronic agendas sent to Members of the Cabinet Councillors Margaret Smith (Chair), Caroline Moon (Vice-Chair), Colin Clark, Cliff Hughes, Phil Smith, Susan Snape and Karen Walton

The minutes of this meeting will be available on the internet at www.southribble.gov.uk

Forthcoming Meetings
2.00 pm Wednesday, 20 March 2019 - Shield Room, Civic Centre, West Paddock, Leyland, PR25 1DH

MINUTES OF CABINET

MEETING DATE Wednesday, 23 January 2019

MEMBERS PRESENT: Councillors Margaret Smith (Chair), Caroline Moon (Vice-Chair), Colin Clark, Cliff Hughes, Phil Smith, Susan Snape and Karen Walton

OFFICERS: Heather McManus (Chief Executive), Darren Cranshaw (Assistant Director of Scrutiny & Democratic Services) and Dave Whelan (Legal Services Manager/Interim Monitoring Officer)

OTHER MEMBERS AND OFFICERS: Paul Hussey (Temporary Director of Customer and Digital), Jennifer Mullin (Director of Neighbourhoods and Development), Tim Povall (Deputy Chief Executive (Resources and Transformation) and Section 151 Officer), Gregg Stott (Deputy Chief Executive (Regeneration and Growth)), Councillor William Evans, Councillor Derek Forrest, Councillor Paul Foster (Leader of the Opposition and Leader of the Labour Group), Councillor Jim Marsh, Councillor Peter Mullineaux, Councillor Barbara Nathan (Member Champion (Safeguarding)), Councillor Michael Nathan, Councillor Michael Titherington (Deputy Leader of the Opposition and Deputy Leader of the Labour Group), Councillor Matthew Tomlinson, Councillor Paul Wharton, Councillor Barrie Yates and Councillor Graham Walton

PUBLIC: 0

52 Minutes Silence

A minutes silence was observed for former Councillor and Mayor, Joan Lawson, who had passed away on 22 January 2019.

53 Apologies for Absence

There were none.

54 Minutes of meeting Wednesday, 21 November 2018 of Cabinet

Decision made (Unanimously):

That the minutes of the Cabinet meeting held on 21 November 2018 be approved as a correct record.

55 Declarations of Interest

There were no declarations of interest.

56 Forward Plan**Decisions made (Unanimously):**

That the forward plan be noted.

57 Corporate Peer Challenge Action Plan and Response to External Auditors Statutory Recommendation Update

The Chief Executive presented a report that provided Cabinet with an overarching progress report on the actions taken and outcomes in relation to the Corporate Peer Challenge Action Plan and an update on the external auditors' statutory recommendation.

The Chief Executive referred to updates within the report concerning the deletion of paragraph 1.2 and that the spelling of 'significant' in recommendation 2.2.

The Leader indicated that she would be putting forward an additional recommendation relating to inviting the Local Government Association to carry out a focussed peer review in October 2019.

There was a comment from the audience that the report didn't reflect the exact discussion at the Improvement Reference Group (IRG) particularly around the words 'significant improvement'.

The Cabinet welcomed the progress that had been made with the Action Plan and External Auditor's statutory recommendation. Cabinet wanted to acknowledge the hard work of officers in developing the significant actions and felt that significant progress had been made.

Decision made (Unanimously):

1. That the report, appendices and their content be noted.
2. Cabinet notes that the Council is now in a position where significant actions have been taken and significant improvement has been made, and is continuing to be made, in the ongoing running of the Council.
3. That following the recommendation of the Improvement Reference Group, which has completed its work, a focused peer review be carried out in October 2019.

Reason(s) for decision:

To provide Members with an update on the work undertaken as a council to incorporate the recommendations from the Corporate Peer Challenge and the External Audit recommendations.

Alternative Options Considered and Rejected:

None.

58 Timetable of Meetings 2019/20

The Assistant Director of Scrutiny & Democratic Services presented a report to determine the dates of the meetings of the Council, Cabinet and various committees for the 2019/2020 municipal year.

Decision made (Unanimously):

That the timetable of meetings be approved.

Reason(s) for the decision:

To enable the Council to conduct its business effectively it is important to have a carefully planned timetable of meetings in place.

Alternative Options Considered and Rejected:

None.

59 Award of Contract for Green Links Project

The Director of Neighbourhoods and Development presented a report to request delegated authority to accept the most economically advantageous tender for the proposed installation of the Browndge to Hennel Lane Green Links multi use path as part of the Council's health and wellbeing agenda.

Cabinet welcomed the proactive approach to improving the health and wellbeing of our residents through the Green Links programme. Cabinet Members referred to the report including future sustainability and whole life costs, the popularity of walking and enjoying open spaces and working with partners such as the Bridleways Association.

Decision made (Unanimously):

Delegated authority be granted to the Director of Neighbourhoods and Development in consultation with the Deputy Chief Executives and the Portfolio Holder for Regeneration and Leisure to accept the most economically advantageous tender for the proposed installation of the Browndge to Hennel Lane Green Links multi use path.

Reason(s) for the Decision:

To mitigate any risk of unforeseen circumstances delaying authority to award the contract and safeguards the scheme's completion within the 2018/2019 capital programme.

Alternative Options Considered and Rejected

Several schemes have been considered as part of the central parks programme. To provide a grade separated crossing of the A6 linking Bamber Bridge in the east, to the spine of Central Parks in the west. All of these options were significantly more expensive.

60 Council Tax Support Scheme

The Deputy Chief Executive (Resources and Transformation)/Section 151 Officer presented a report reviewing the Council Tax Support Scheme for 2019/2020 and clarifying the legal position. It also identified the number of policy changes following the Chancellors Autumn Statement.

Questions raised from outside Cabinet were:

- How quickly the Council Tax Support Scheme can be changed?
 - The Deputy Chief Executive advised this would be subject to the consultation process and agreement by a future Cabinet and Council.
- Increased use of bailiffs and how many of these cases related to the Council Tax Support Scheme?
 - The Deputy Chief Executive (Resources and Transformation)/Section 151 Officer undertook to provide the numbers to the Member outside the meeting.
 - He also advised that bailiff numbers are not separated to identify those on the support scheme. Detailed information would be provided in future Council Tax Support Scheme updates.
- Have we implemented the six recommendations of the Money Advice Trust?
 - Three had been implemented and the remainder would be highlighted in future reports.

Decision made (Unanimously):

1. That Cabinet notes the legal position regarding the decision taken at Budget Council on 28 February 2018.
2. That Cabinet proposes to Council that the Council Tax Support Scheme remains unchanged for 2019/2020.
3. That Cabinet proposes to Council that it agrees the level of the deduction to be applied to Working Age recipients of Council Tax Support from 1 April 2019 and that this level be finalised and agreed in accordance with South Ribble's scheme as part of the Council's budget and council tax setting at the Council meeting on 27 February 2019. The figure will continue within the range (between £3.00 and £5.00 per week) which was consulted upon during the introduction and implementation of the Council's scheme.
4. Delegated authority be granted to the Director of Customer and Digital in consultation with the Cabinet Member for Finance to make all necessary updates to this Council's Council Tax Support Scheme to comply with any prescribed requirements that may be issued by central government. This may be by the making of specific regulations, or by amendment to the Local Government Finance Acts of 1992, 2012 and 2017 and Government funding formulae.
5. Delegated authority be granted to the Director of Customer and Digital in consultation with the Cabinet Member for Finance to make all necessary amendments to the Council's scheme to uprate the allowances and premiums in accordance with the revised Housing Benefit Circular.
6. To publish the updated scheme in accordance with the Local Government Finance Act 2012 and any regulation amendments.

Reason(s) for the decision:

To approve the Council's Council Tax Support Scheme for the financial year 2019/20 which serves to assist citizens on a low income with the cost of council tax.

Alternative Options Considered and Rejected:

The original consultation exercise considered a number of alternatives to reducing the amounts that claimants received in their council tax support. These included reducing council services and increasing levels of council tax.

61 Exclusion of Press and Public**Decision made: Unanimously:**

That the press and public be excluded from the meeting during the consideration of the following item of business as it involved the discussion of information defined as exempt from publication under paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, 'Information relating to the financial or business affairs of any particular person (including the authority holding that information) 'and in which the public interest in maintaining the exemption outweighed the public interest in disclosing it.

62 Replacement Mini-Sweeper

The Director of Neighbourhoods and Development presented a report seeking approval to increase the capital expenditure allocated for the replacement mini sweeper in the 2018/2019 capital budget to enable the purchase of a larger 10 tonne midi sweeper. The increase in immediate expenditure would be met from underspends in the overall vehicle replacement budget for other purchases and would remain within the existing allocation for 2018/2019. The additional costs would be recovered through future operational efficiency savings in future years.

Members felt that this purchase would be of great benefit to keeping the Borough cleaner, be more efficient and improve resident satisfaction further. It was also highlighted that the selection of the vehicle followed an extensive evaluation process by those employees who use the vehicles, which was commended.

Decision made (Unanimously):

1. That Cabinet agree the increase in allocated funds to acquire a new sweeper from within the overall approved capital programme. This would allow for purchase, tax and delivery costs.
2. Subject to the tender received being within budget allowance that the Director of Neighbourhoods and Development in consultation with the Chief Executive and Deputy Chief Executive (Resources and Transformation) be given delegated authority to award the contract.

Reason(s) for the decision:

To enable the delivery of an enhanced service to the residents of the Borough through the addition of additional sweeping frequencies and additional flexibility in the delivery of the service.

Alternative Options Considered and Rejected:

Consideration was given to the like for like replacement of the existing mini-sweeper, however whilst this would allow service standards to be maintained it would not enable further development and enhancement of the service going forward. Not to replace the vehicle would result in increased down time and cost of repairs.

Chair

Date

South Ribble Council – Cabinet Forward Plan

For the Four Month Period: 1 February 2019 - 31 May 2019

This document gives 28 days' notice of 'key' and other major decisions which the Cabinet expect to take during the next four month period. It also gives notice of the decisions that are likely to be taken in private. The document is updated as required and is available to the public on the Council's website at www.southribble.gov.uk.

A 'Key' Decision is defined as any decision in relation to a Cabinet function which is likely:

- (a) To result in the Council incurring expenditure which is, or the making of savings which are significant. The financial threshold above which expenditure/savings become significant is set at £100,000. The financial threshold is applicable to both revenue and capital budgets; or
- (b) To be significant in terms of its effect on the communities living in an area comprising two or more Council wards.

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As a matter of local choice, the Forward Plan also includes the details of any significant issues to be initially considered by the Cabinet and submitted to the Full Council for approval.

Under the Access to Information Procedure Rules set out in the Council's Constitution, a 'Key' Decision may not be taken, unless 28 days' notice have been given in this document.

The law and the Council's Constitution provide for urgent key decisions to be made, even though they have not been included in this document in accordance with General Exception and Special Urgency provisions, set out in Access to Information Procedure Rules.

The Cabinet is made up of the Leader, Deputy Leader and five other Cabinet Members with the following portfolios:

Leader of the Council	Councillor Margaret Smith
Deputy Leader and Cabinet Member (Neighbourhoods and Streetscene)	Councillor Caroline Moon
Cabinet Member (Corporate Support and Assets)	Councillor Colin Clark
Cabinet Member (Strategic Planning and Housing)	Councillor Cliff Hughes
Cabinet Member (Finance)	Councillor Susan Snape
Cabinet Member (Public Health and Safety, Wellbeing and Environmental)	Councillor Karen Walton
Cabinet Member (Regeneration and Leisure)	Councillor Phil Smith

Whilst the majority of the Cabinet decisions listed in this Forward Plan will be open to the public to attend, there may be some decisions to be considered that contain confidential, commercially or personal information. The Forward Plan is a formal notice under the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 that some of the decisions listed in the Forward Plan will be held in private because the

report will contain exempt information under Schedule 12A of the Local Government Act 1972, as set out below and that the public interest in withholding the information outweighs the public interest in disclosing it.:

1. Information relating to any individual.
2. Information which is likely to reveal the identity of an individual.
3. Information relating to the financial or business affairs of any particular person (including the authority holding that information).
4. Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority.
5. Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.
6. Information which reveals that the authority proposes –
 - (a) to give under any enactment a notice under or by virtue of which requirements are imposed on a person; or
 - (b) to make an order or direction under any enactment.
7. Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

Copies of the Council's Constitution and agenda and minutes for all meetings of the Council may be accessed on the Council's website: www.southribble.gov.uk. If there are any queries, including objections to items being considered in private, please contact the Council on 01772 625309 or email dscambler@southribble.gov.uk.

**Heather McManus,
Chief Executive**

Last updated: 01 February 2019

Details of the Decision to be taken	Decision to be taken by	Relevant Portfolio Holder	Reason the decision is key	Earliest Date decision can be taken	Will the public be excluded?	Are there any background papers?	Documents to be considered by Decision taker
Future meetings of the Cabinet where there is an intention to hold part of the meeting in private: 13 February and 20 March 2019							
February							
Leader of the Council							
Corporate Plan and Corporate Risk Register 2019-2024	Cabinet	Leader of the Council	Significant effect in 2 or more Council wards.	13 Feb 2019	No	None	Report of the Chief Executive
Cabinet Member (Finance)							
Council Tax Support Modelling Outcome and Hardship Scheme Review	Cabinet	Cabinet Member (Finance)	Significant effect in 2 or more Council wards.	13 Feb 2019	No	https://southribble.moderngov.co.uk/documents/s6525/Council%20Tax%20Support%20Scheme%20Cabinet%20Report%2021st%20Nov%202018.pdf	Report of the Deputy Chief Executive (Resources and Shared Services Transformation)

Details of the Decision to be taken	Decision to be taken by	Relevant Portfolio Holder	Reason the decision is key	Earliest Date decision can be taken	Will the public be excluded?	Are there any background papers?	Documents to be considered by Decision taker
Budget and Medium Term Financial Strategy (incorporating the Asset Management Plan, Capital Strategy, Capital Programme and Treasury Management Policy Statement)	Cabinet	Cabinet Member (Finance)	Expenditure / Savings higher than £100,000	13 Feb 2019	No	None	Report of the Deputy Chief Executive (Resources and Shared Services Transformation)
Pay Line Implementation	Cabinet	Cabinet Member (Finance)		13 Feb 2019	No	None	Report of the Deputy Chief Executive (Resources and Shared Services Transformation)
Cabinet Member (Corporate Support and Assets)							

Details of the Decision to be taken	Decision to be taken by	Relevant Portfolio Holder	Reason the decision is key	Earliest Date decision can be taken	Will the public be excluded?	Are there any background papers?	Documents to be considered by Decision taker
Digital Strategy	Cabinet	Cabinet Member (Corporate Support and Assets)		13 Feb 2019	No	None	Report of the Temporary Director of Customer and Digital
Deputy Leader and Cabinet Member (Neighbourhoods and Streetscene)							
Refurbishment of Worden Park Play Area	Cabinet	Deputy Leader and Cabinet Member (Neighbourhoods and Streetscene)	Expenditure / Savings higher than £100,000	13 Feb 2019	No	None	Report of the Director of Neighbourhoods and Development
Future Meetings							
Performance Monitoring Quarter 3	Cabinet	Leader of the Council	Significant effect in 2 or more Council wards.	20 Mar 2019	No	https://southribbleintranet.mode.rngov.co.uk/documents/s3311/06%20-%20Report%20to%20Council%20280218%20re%20Corporate%20Plan%202018-23%20and%20Risk%20Regsiter.pdf	Report of the Chief Executive

Details of the Decision to be taken	Decision to be taken by	Relevant Portfolio Holder	Reason the decision is key	Earliest Date decision can be taken	Will the public be excluded?	Are there any background papers?	Documents to be considered by Decision taker
Worden Hall - Consultants Options Appraisal Report	Cabinet	Cabinet Member (Corporate Support and Assets)		20 Mar 2019	No	https://southribbleintranet.mode.rngov.co.uk/documents/s2072/Worden%20Hall%20Update%20-%20Scrutiny%20Committee.pdf	Report of the Director of Planning and Property
Land at Bamber Bridge	Cabinet	Cabinet Member (Corporate Support and Assets)	Expenditure / Savings higher than £100,000	20 Mar 2019	Paragraph 3: Information relating to the financial business affairs of any particular person (including the authority holding that information)	None	Report of the Chief Executive
Renewable Energy Policy	Cabinet	Cabinet Member (Public Health and Safety, Wellbeing and Environmental)	Significant effect in 2 or more Council wards.	20 Mar 2019	No	None	Report of the Director of Neighbourhoods and Development

REPORT TO	ON
CABINET SCRUTINY COUNCIL	13 February 2019 14 February 2019 27 February 2019



TITLE	PORTFOLIO	REPORT OF
Corporate Plan 2019-2024 and Risk Registers	Leader of the Council	Chief Executive

Is this report a KEY DECISION (i.e. more than £100,000 or impacting on more than 2 Borough wards?)	Yes
Is this report on the Statutory Cabinet Forward Plan ?	Yes
Is the request outside the policy and budgetary framework and therefore subject to confirmation at full Council?	Yes
Is this report confidential?	No

1. PURPOSE OF THE REPORT

- 1.1 To seek approval of the Council's Corporate Plan for 2019-20 and acknowledge the Corporate Plan Risk Register and Corporate Risk Register for 2019-20.

2. PORTFOLIO RECOMMENDATIONS

- 2.1 It is recommended:

- (i) That Cabinet recommends for approval the proposed Corporate Plan for 2019-24 attached at **Appendix 1** to full Council on 27th February 2019.
- (ii) That Cabinet acknowledge the Corporate Plan Risk Register and Council Corporate Risk Register for 2019-2020, in addition to the Equality Impact Assessment.

3. REASONS FOR THE DECISION

- 3.1 The updated 2019-2024 Corporate Plan has responded to the findings of the Community Strategy consultation carried out by South Ribble Partnership.
- 3.2 This plan brings forward specific programmes and projects that will be delivered by South Ribble Borough Council throughout 2019-2020.

4. EXECUTIVE SUMMARY

This report aims to:

- ▶ Articulate how the Council has used the findings from the Community Strategy consultation to build upon 2018-2019 progress, to shape programmes and projects for delivery throughout 2019-2020 that meet the needs and asks of the community.
- ▶ Outline the Council's vision and priorities.
- ▶ Introduce the Council's 2019-2020 Corporate Plan Risk Register, 2019-2020 Corporate Risk Register, and 2019-2020 Corporate Plan Equality Impact Assessment.
- ▶ Set out the consultation carried out for the development of the 2019-2020 Corporate Plan and the outcome of this.
- ▶ Confirm the Council's 'Performance Management, Review and Continuous Improvement approach'.
- ▶ Identify how the performance of the 2019-2020 Corporate Plan will be measured.
- ▶ Consider implications of the 2019-2020 Corporate Plan, including financial, HR, legal, ICT, property and assets, risk and equality.

5. CORPORATE PRIORITIES

5.1 The report relates to the following corporate priorities:

Excellence and Financial Sustainability	✓
Health and Wellbeing	✓
Place	✓

Projects relating to People in the Corporate Plan:

People	✓
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6. BACKGROUND TO THE REPORT

- 6.1 In 2018-2019 the Council agreed on a vision for both the Council and for the Borough, in addition to three five-year corporate priorities which are set to be in place until 2023. Both the vision and corporate priorities were shaped through input from residents (via a resident survey completed in 2017), and engagements with both local businesses and partner organisations.
- 6.2 As a member of the South Ribble Partnership, the Council has worked in collaboration with partner organisations to develop a Community Strategy for 2019-2024, with the four priorities being identified as Effective Partnerships, Growth, Connected, and Place, as discussed in the previous item on the agenda.
- 6.3 To develop this strategy a significant amount of consultation was carried out across the community, to ensure that the strategy reflects the wants and needs of those who live, work, provide services, and do business within South Ribble.
- 6.4 This consultation included 20 interviews with senior members of key organisations within South Ribble, two partner workshops, each having over 60 attendees representing over 30 partner organisations, a Member workshop, and a survey shared with the public receiving over 1,600 responses, which was externally analysed receiving a score of 95% in regard to the survey sample's representativeness of the Borough.

6.5 Based on the findings within the Community Strategy consultation, we have built upon the work delivered throughout 2018-2019 across each of our corporate priorities, to ensure that each of our programmes and projects contribute towards delivering what the community has asked for. More detail can be found at **Appendix 1: Corporate Plan 2019-2020**.

7. PROPOSALS (e.g. RATIONALE, DETAIL, FINANCIAL, PROCUREMENT)

7.1 **Corporate Plan 2019-2024**

The Corporate Plan maintains the vision developed as part of the five year plan - that ***'South Ribble is and continues to be recognised nationally as the best place in the UK'***.

7.2 This means a place where people can afford to live, that has access to high quality schools, colleges and employment opportunities for everyone and a place where people choose to live because it is safe and has lots of high-quality clean, green space for people to enjoy in their leisure time.

7.3 We also want South Ribble to be a place where businesses choose to invest because they have access to a highly skilled and motivated population seeking high quality employment opportunities.

7.4 The key outcomes that underpin our vision are set out below:

- ▶ Healthy life expectancy rate is above the national average
- ▶ Above national average for access to affordable homes
- ▶ High employment rate
- ▶ School attainment and adult skills are above the national averages
- ▶ People feel safe in South Ribble
- ▶ Resident satisfaction is above national average

7.5 The Corporate Plan also maintains the vision for the sort of Council we want to be – ***'a Council that is recognised for being innovative, forward thinking and financially self-sufficient, whilst putting people at the heart of everything we do'***.

7.6 These visions align with the Community Strategy's vision – that ***'South Ribble will continue to be known as one of the best places in the UK to live, work and do business'***, and ***'Our communities will continue to be amongst the best places to learn, thrive and grow'***.

7.7 The Council's visions are underpinned by our three corporate priorities:

- ▶ Excellence and Financial Sustainability
- ▶ Health and Wellbeing
- ▶ Place

7.8 Each of the above priorities is supported by 'Our People', focusing on Officers and Members, as without these two groups playing their crucial role, our corporate priorities could not be delivered for our communities.

7.9 Although 'Health and Wellbeing' is an individual corporate priority, Health and Wellbeing underpins our entire Corporate Plan ambition, and therefore features throughout each of our corporate priorities.

7.10 Our ambition is to deliver Health Leisure and Wellbeing Campuses across the Borough, connected by parks and open spaces via Green Links, improving access to quality health, leisure and wellbeing facilities and infrastructure. As detailed in the report to Council on the Community Strategy 2019-24, Health and Wellbeing features as an underlying approach with respect to each of its priorities.

- 7.11 Programmes and projects from each of the Council's corporate priorities within the Corporate Plan, have a direct contribution towards the priorities identified within the Community Strategy.
- 7.12 Within the 2019-2024 Corporate Plan (**Appendix 1**) each priority has a delivery plan broken down into programmes and projects to be achieved within the financial year. Where programmes and projects are detailed within the Corporate Plan in appendix 1, direct links to the Community Strategy have been identified.
- 7.13 The Medium Term Financial Strategy (MTFS) and the Capital Programme for 2019-2024 have been aligned to the 2019-2024 Corporate Plan to ensure that resources are in place to deliver the key projects.
- 7.14 When the plan has been approved, Operational Service Plans will be aligned to the 2019-2020 Delivery Plan. These will provide milestones for each of the key projects to be delivered in 2019-2020.
- 7.15 **Corporate Plan Risk Register 2019-20 and Council Corporate Risk Register 2019-2020**
- 7.16 A Corporate Plan risk register for 2019-2020 which identifies the risks that may hinder the success of delivering each corporate priority, can be found in **Background Document A**. In addition to this, a revised Council Corporate Risk Register for 2019-2020, identifying overarching corporate risks that may impact the Council's ability to perform, can be found in **Background Document B**. Both risk registers identify mitigating actions that will be taken to reduce these risks.
- 7.17 **Performance Management, Review and Continuous Improvement**
- 7.18 The Corporate plan is shaped and influenced by a number of different policies and strategies. Policies set out the framework of our intentions that we have agreed to follow. The strategy enables us to implement a policy, by setting out the roadmap with the means and resources that support us to achieve our outcomes.
- 7.19 Policies and strategies are local, sub-regional and regional. Performance, review and continuous improvement is the tool we use to check that both policy and strategy from where they have originated still connect with each other and that the Corporate Plan our objectives and whether we need to change course or maintain our heading.
- 7.20 The diagram below articulates this process;



- 7.21 Going forward this model will be used as a visual aid to demonstrate how all work carried out within the Council ties together, showing a strategic golden thread between the policies and strategies used to delivery programmes and projects within the corporate plan, and how these programmes and projects contribute towards priorities identified within the Community Strategy and Regional and Sub-regional plans.
- 7.22 Future reports will reflect and identify any requests for changes to current policies or strategies, or where there is needed development of new policies or strategies. This model will be used as a visual aid within reports to show where the policy or strategy in questions feeds into the Council's Corporate Plan.
- 7.23 The performance management, review and continuous improvement approach is the 'glue' that ensures that the right policies and strategies are in place to effectively deliver to Corporate Plan, and therefore meet the needs of the community identified in the Community Strategy.
- 7.24 It will be the role of those responsible for Corporate Planning and Partnerships to embed this approach, working closely with relevant officers, including Project Managers, the Communications team, Business Support Co-ordinators, and the Leadership Team to do so.
- 7.25 Each programme and project within the 2019-2024 Corporate Plan has Key Performance Indicators (KPIs) to measure their performance throughout the year.
- 7.26 All of the 2019-2024 Corporate Plan will be monitored via the InPhase performance and project management system, in addition to associated risks, and budgets for capital projects.
- 7.27 Project and risk updates will be provided informally to the Leadership Team on a monthly basis during Programme Board meetings.
- 7.28 Progress will be formally reported to the Leadership Team and Elected Members (via Scrutiny Committee and Cabinet) in Quarters 1, 2, 3 and 4, in the form of performance monitoring reports.
- 7.29 An Annual Report will be provided to Full Council at the end of Quarter 4 (i.e. in June 2020).

8. CONSULTATION CARRIED OUT AND OUTCOME OF CONSULTATION

- 8.1 For this 2019-2024 Corporate Plan both the Community Strategy and previously approved 2018-2023 Corporate Plan were used as sources of consultation, capturing input from local residents, businesses, Members and partners.
- 8.2 The outcome of that consultation allowed the Council to ensure that the corporate priorities, programmes and projects that will be delivered throughout 2019-2020 are aligned with what the community has told us.
- 8.3 In addition to consultation carried out as part of the Community Strategy, two focus groups were held in November 2018, one with local residents and the other with local businesses.
- 8.4 These focus groups were used to gain an understanding of how local residents and businesses would like to see the Council's corporate priorities, programmes and projects shaped in 2019-2020, to ensure that what the Council delivers aligns with identified needs of the community.

- 8.5 During an away day in December, Cabinet used the outcomes of this consultation to shape the 2019-2020 delivery plan of the five year Corporate Plan.
- 8.6 The outcome of that consultation was used to finalise the Corporate Plan, now submitted for approval.
- 8.7 Further consultation on the new priorities will place with residents (via the Council's website), with partners (via the South Ribble Partnership) and with businesses (via a business breakfast meeting) in late January and early February 2019.
- 8.8 The Council's Scrutiny Committee will consider the Corporate Plan at its meeting on 14th February 2019. Amendments will be made to the plan to reflect any recommendations, with acceptance from Cabinet.

9. ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

- 9.1 There are no other options to be considered as a five-year Corporate Plan, including corporate priorities and programmes were agreed at Council on the 28th February 2018. It is good practice for annual delivery plans to be regularly monitored and refreshed to ensure that the plan continues to meet the needs of the community.

10. FINANCIAL IMPLICATIONS

- 10.1 The financial implications of the Corporate Plan are set out in the Medium-term Financial Strategy 2019-2024 and Capital Programme 2019-2020 for, which is also submitted to this meeting for consideration.

11. LEGAL IMPLICATIONS

- 11.1 All programmes and projects carried out will sit within relevant legislative requirements.

12. HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT IMPLICATIONS

- 12.1 Staff resources will be aligned to delivering the new priorities contained within the Corporate Plan.

13. ICT/TECHNOLOGY IMPLICATIONS

- 13.1 ICT is a key enabler and as such ICT resources and plans will be aligned to the delivery of the new Corporate Plan, including the delivery of the 2019-2022 Digital Strategy.

14. PROPERTY AND ASSET MANAGEMENT IMPLICATIONS

- 14.1 An asset management plan is being developed that will detail the actions and ensure alignment to the Corporate Plan and its delivery.

14.2 RISK MANAGEMENT

- 14.3 The Corporate Plan Risk Register can be found in **Background Document A**, and the Corporate Risk Register can be found in **Background Document B**.

15. EQUALITY AND DIVERSITY IMPACT

- 16.1. An Equality Impact Assessment on the 2019-2024 Corporate Plan has been undertaken (**Background Document C**). As the Corporate Plan has been developed specifically to address the needs of the Borough, there is no adverse impact on any particular group or groups. As projects identified in the Corporate Plan are developed further, equality impact assessments will be undertaken as appropriate at that time.

16. RELEVANT DIRECTORS RECOMMENDATIONS

It is recommended:

- (i) That Council approves the Corporate Plan for 2019-24 attached at **Appendix 1**.

- (ii) That Council acknowledge the Corporate Plan Risk Register and Council Corporate Risk Register for 2019-2020, in addition to the Equality Impact Assessment.

17. COMMENTS OF THE STATUTORY FINANCE OFFICER

17.1 The Corporate Plan highlights the Council Priorities following extensive community and business engagement. The Council needs to align its staff and other financial resources to deliver the outcomes in a timely manner. The Medium Term Financial Strategy is the outcome of this alignment and to which the Council will monitor its performance throughout the year. Ongoing reports to Cabinet and Council will update members on additional resources available, transformation outcomes and project approvals to re-profile and enhance delivery of the plan.

18. COMMENTS OF THE MONITORING OFFICER

18.1 The Corporate Plan outlines the council's vision and priorities. It has been developed in the context of the Community Strategy. It is one of the vital foundation stones of our policy framework – as such it will require the approval of Council.

19. BACKGROUND DOCUMENTS

Background Document A: Corporate Plan Risk Register 2019-2020

Background Document B: Council Corporate Risk Register 2019-2020

Background Document C: Equality Impact Assessment dated 17th January 2018

20. APPENDICES

Appendix 1: Corporate Plan 2019-2024

Leadership Team Member's Name: **Heather McManus**

Job Title: **Chief Executive**

Report Author:	Telephone:	Date:
Reece Drew – Performance and Projects Officer	01772 625461	18/01/2019

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2019-2020 Corporate Plan Risk Register

Background Document A

Corporate Priority	Risk Description	Risk Owner	Inherent Risk Score	Existing Control Measure Description	Residual Risk Score	Target Risk Level	Actions to mitigate risk	Action Plan Owners	Status
Excellence and Financial Sustainability	Insufficient investment made to generate forecasted revenue	Deputy CEO of Resource and Transformation	12	Appointed Deputy CEOs with experience of investment	4	4			
				Investment strategy					
				Development of Partnership Arrangements, City Deal and other opportunities					
Excellence and Financial Sustainability	Commercial assets not managed effectively to optimise revenue generation	Deputy CEO of Resource and Transformation	9		9	4	Development of Asset Management Plan, Management & Overview by LT and Members via Cabinet, Council & Scrutiny		
Excellence and Financial Sustainability	Digital improvements leading to further digital exclusion	Deputy CEO of Resource and Transformation	9		6	4	Training programme to be developed as part of Digital Strategy, Work with Lancashire Adult Learning to deliver bespoke digital exclusion training		
Excellence and Financial Sustainability	SRBC and Chorley BC unable to agree a shared service business model	Deputy CEO of Resource and Transformation	12	Regular meetings between both parties	6	4	Meetings continue to take place & commitment from both authorities to undertake review of services to identify best delivery model including shared services		
Excellence and Financial Sustainability	Lack of agreement between SRBC & CBC re Shared Services Agreement	CX / ACE	12	Shared Services Joint Committee meets regularly	6	4			
Excellence and Financial Sustainability	Lack of Member Support for SRBC & CBC Shared Services	CX / ACE / Members	12	Shared Services Agreement; Commitment from both LA's to explore further services for sharing	6	4	Further work & agreement post May Election		
Health and Wellbeing	Failure to effectively communicate vision and need for Green Links and Leisure Health and Wellbeing Campus	Deputy CEO of Regeneration and Growth	16	Communication and engagement strategy	6	4	Focus on positive communications in regard to Health & Wellbeing & Green Links for South Ribble Council following appointment of Communications Officer		
				All reports & communications will continue to focus on Green Links & Health & Wellbeing in support of all projects & Corporate Plan					

Health and Wellbeing	Worsening air quality due to growth and development	Deputy CEO of Regeneration and Growth	16	Air quality action plan	9	6	Continue to monitor and manage Air Quality Plan; Implement actions to reduce air pollution; Support community where able to improve quality of air in the borough		
Place	Lack of commitment to delivering the Community Strategy from partners	Deputy CEO of Regeneration and Growth	12	Partnership Manager and other relevant officers	4	4			
				Developed Community Strategy in collaboration with partners					
				Regular Partnership Meetings					
				Appropriate Officers review and involved in partnership arrangements					
Place	LCC delay City Deal and Cuerden development (and other strategic sites)	Deputy CEO of Regeneration and Growth	16	SRBC act as an enabler and drive forward development (e.g. option to purchase Cuerden site from LCC and/or use site for distribution rather than retail)	9	4			
				Individual project / management groups established for key projects; Individual project risk registers					
Place	Reputation risk for development on green fields	Deputy CEO of Regeneration and Growth	9		9	2	Communication and engagement strategy (focus on education e.g. 68% of the Borough Green Belt)		
Place	Insufficient infrastructure development to support housing and employment development	Deputy CEO of Regeneration and Growth	16	SRBC priorities and act as an enabler throughout developments	9	6	Continue to develop and enhance policies and partnership arrangements; Include development of infrastructure in future development plans		
				Partnership Arrangements					
Place	Businesses not engaging in economic strategy	Deputy CEO of Regeneration and Growth	12	Frequent consultation from Economic Development Team	9	6			
Place	Invest in Place Promotion without clear South Ribble brand/message	Deputy CEO of Regeneration and Growth	16	Use Community Strategy consultation findings to shape South Ribble brand (Big and Small)	12	6			
Place	Residents not satisfied with community projects (e.g. Bamber Bridge improvements)	Deputy CEO of Regeneration and Growth	12	Consultation with residents	9	6			
Place	Failure to secure funding for new Ribble Crossing	Deputy CEO of Regeneration and Growth	12		12	4	Explore different funding options other than HIF		
Our People	Upskilled officers leaving the Council	Deputy CEO of Resource and Transformation	12	Offer development opportunities	6	6			
				Maintain staff benefits, e.g. pension scheme, flexi time, cycle to work scheme					

				Encourage activities that contribute a good organisational culture, e.g. social events, award nights etc.					
Our People	Change in administration following election	Deputy CEO of Resource and Transformation	12	Worked with all Members to develop a 5 year vision and corporate priorities	9	6			

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2019-2020 Council Corporate Risk Register

Background Document B

Risk Description	Risk Owner	Inherent Risk Score	Existing Control Measure Description	Residual Risk Score	Target Risk Level	Actions to mitigate risk	Action Plan Owners	Status			
Failure of corporate governance leading to external intervention	Deputy CEO of Resource and Transformation	12	Risk Registers reviewed regularly	4	4	Ongoing Member Development. Review of Member Induction in order to ensure potentially new Members and / or Members new to specific roles Members receive appropriate training following May elections.	Legal Services Manager	Ongoing			
			Member Development, Scrutiny review undertaken. Working with North West Employers Organisation on extending cultural mapping to Members. Continuing effective and tailored Member development opportunities.								
			AGS Action Plan								
			Inclusive approach to AGS developed, implemented for 2018/19 AGS. Approach to be fully inclusive, AGS work to be a continual process throughout 2019/20.								
			Council Constitution and Codes of Conduct						Review of Council Constitution is a continual process in order to respond to changes in legislation and ensure risks identified are mitigated.	Legal Services Manager	Continual
									Ongoing work in respect of the Scheme of Delegation and Financial Regulations.	Legal Services Manager & Leadership Team	Ongoing
			Member and officer Protocol in place.								
Reduction in Government Grant threatens the financial sustainability of the Council	Deputy CEO of Resource and Transformation	12	Budget Forecasting within MTFS with regard to Annual LG Finance Settlement	4	4	National Budget delivered 29/10/18 and implications to be reviewed as part of budget process. Budget timetable in place.	Section 151 Officer	In Progress			
			5-year MTFS aligned to the 5-year Corporate Plan to ensure resources are allocated to deliver the corporate priorities			Currently MTFS aligns to the 5 year corporate plan.	Deputy Chief Executive (Regeneration & Growth)	Complete			
						Clear targets in the Corporate Plan with robust performance monitoring.	Deputy Chief Executive (Resources & Transformation)	In Progress			
			Robust monitoring and reporting of progress in delivering the Corporate Plan and MTFS			Approval in place for Legal & HR, Finance & Assurance and further opportunities are currently being developed with Chorley Borough Council.	Deputy Chief Executive (Resources & Transformation)	In Progress			
			Financial Training for relevant staff and members								
Maintain high Council Tax and Business Rates collection rates											

Fraud & Corruption	Deputy CEO of Resource and Transformation	8	Fighting Fraud and Corruption Locally	6	3	A review of the Council's Anti Fraud & Corruption Strategy will be undertaken and a revised policy developed. Update anti-fraud Strategy	Interim Head of Shared Assurance	Jun-19
						A review of the Council's Corporate Fraud & Corruption risks is to be undertaken across all services in conjunction with relevant Senior Officers.	Interim Head of Shared Assurance	Jun-19
						Corporate Fraud & Corruption Risk Register to be developed and provided to Leadership Team.	Interim Head of Shared Assurance	May-19
			Periodic training / awareness sessions carried out with officers				Interim Head of Shared Assurance	2019/20
Failure to be compliant with new General Data Protection Regulations (GDPR)	Deputy CEO of Resource and Transformation	12	GDPR Action Plan	9	4	A GDPR Project Group & action plan has been developed and is monitored by the Programme Board.	Assistant Chief Executive (Resources & Transformation) SIRO	
			Monthly review of GDPR action plan by Programme Board					
						Develop Policies, process & procedures in respect of GDPR, Security Breaches & reporting to ICO	Assistant Chief Executive (Resources & Transformation)	
						Develop a more inclusive approach to the review of Security breaches by developing an Internal Security group to review & take decisions on reporting to ICO		
Impact of Brexit on Council Services	Deputy CEO of Resource and Transformation	12	Weekly policy review	9	6	We continue to take an overview of the potential impact through the Local Governance Association and through other networks	Assistant Chief Executive (Resources & Transformation) Interim Head of Shared Assurance SRBC Leadership Team (Leadership Team)	On going
			Brexit negotiations and legislation under regular review for developments that may have an impact on services					On going
						Develop Risk Register and review risks relative to the impact on South Ribble of no deal Brexit		Feb-19
						Work closely with LRF, External Audit & Lancashire Districts to develop risks and controls, action plans and understand impacts.		In place & Ongoing
Failure of Information systems and data security	Deputy CEO of Resource and Transformation	8	Maintaining high level of ICT security, achievement of PSN accreditation.	6	4	Secured PSN compliance August 2018. The ICT service plan includes actions to ensure preparedness for annual review.	Director Of Customer and Digital	
			Development of annual ICT work programme			Developed work programme further to SOCITIM review and IT Health Check. This is included in the internal audit schedule for 2018/19 as another method to test our robustness in this area.		
			Implement recommendations of SOCITIM Review as appropriate					
			Digital Strategy Developed and Plan to deliver in place.			Develop individual project plans to deliver strategy over next 5 years	Director Of Customer and Digital	5 year plan

Lack of capital funding to undertake large scale improvements to parks, open spaces and leisure facilities	Deputy CEO of Resource and Transformation	9	Capital programme reflects the priorities in the Corporate Plan	4	4	Corporate plan projects are monitored on a monthly basis by the Programme Board and Extended Leadership Team on a quarterly basis.	SRBC Leadership Team (Leadership Team)	Overdue
			Regular monitoring of Capital Programme					
Lack of staff resources, systems and / or the skills needed to deliver services and corporate plan and improvement activities	Deputy CEO of Resource and Transformation	12	Transformation Strategy approved by Cabinet	8	4	Implementation of the new organisational structure is underway with all post now appointed to, with the exception of Shared Services Posts. Shared Services Board to be reconvened after Extraordinary Council Meeting on 1st November due to possible change of political leadership.	Deputy Chief Executive (Resources & Transformation)	In Progress
			Policies including Pay Policy / Recruitment policy					
			Employee Benefits - keep under review and in line with best practice				SRBC Leadership Team (Leadership Team)	Ongoing
			Implement the Transformation Strategy action plans with a focus on organisational development					
			Transformation Strategy				SRBC Leadership Team (Leadership Team)	Complete
			Project Management System					
			Organisational Culture Review				SRBC Leadership Team (Leadership Team)	Ongoing
			Investment in organisational development, staff and member development					
Political decisions not taken by members in line with the Corporate Plan	Deputy CEO of Resource and Transformation	6	Cross party working	4	1	Future report on key issues will go to pre-scrutiny.	SRBC Leadership Team (Leadership Team)	In Progress
			Cross party Improvement Reference Group with external membership in place					
			Publication deadlines for Committee reports in place			Assistant Director of Scrutiny and Democratic Services	Ongoing	

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Equality Impact Assessment

Introduction

An Equality Impact Assessment (EIA) is required to ensure that equality is placed at the centre of policy development and review, as well as service delivery. The purpose of this EIA is to systematically analyse the likely impact of a service, policy or proposals on different community groups, and how the needs of such groups have been taken into account in developing those proposals.

The EIA can anticipate and recommend ways to avoid any discriminatory or negative consequences for a particular group, on the grounds of any protected characteristic. It provides the opportunity to demonstrate the potential benefits for equality target groups arising from a proposed policy or project.

The need for an EIA stems from the general duty placed on public authorities to eliminate unlawful discrimination in carrying out functions, and promote equality of opportunity. This is outlined in the Equality Act 2010, with specific public sector duties in place from April 2011.

1. Name of Policy or Service (existing or proposed)	
Corporate Plan 2019 - 2024	
2. Leadership Team	
Heather McManus – Chief Executive Officer	
3. Author	
Reece Drew – Performance and Projects Officer	
4. Date EIA completed	Review date
18/01/19	January 2020
5. Description and aims of policy / service (including relevance to equalities)	
To use the Community Strategy 2019 – 2024 (that was shaped through input from the local community, including residents, public sector, private sector, and not-for-profit organisations), to bring together the Council's priorities, programmes, projects and measures for 2019-2020, which drives the budget and performance management framework.	
6. Who are the stakeholders?	
<ul style="list-style-type: none"> ▶ Cabinet ▶ Scrutiny ▶ Councillors ▶ Leadership Team ▶ Employees ▶ External partners ▶ Residents ▶ Businesses ▶ External Audit 	

7. What outcomes do we want to achieve?

That the Council agrees its priorities, programmes and projects for the Council based on the needs of the Borough (identified through the Community Strategy consultation) to drive resources and concentrate on the key issues for delivery.

8. How will performance be measured?

- ▶ Informally by the Council's Leadership Team each month during the Corporate Plan Programme Board meeting.
- ▶ Formally by the Council's Leadership Team via performance monitoring reports.
- ▶ Performance monitoring reports to Scrutiny Committee and Cabinet in Quarters 1, 2, 3 and 4 and an annual report to Full Council at the end of Quarter 4.

9. Brief summary of research, consultation and background data

Desktop research:

- ▶ Existing research on the key information of the Borough, including demographics, economy, education, and community safety, using both LG Inform and Lancashire JSNA.

Community Strategy consultation

- ▶ 2 partner workshops (over 60 attendees from over 30 organisations)
- ▶ 20 interviews with senior individuals from key stakeholder organisations
- ▶ Member workshop
- ▶ Open response survey to residents and those who work in the Borough (over 1600 responses)

Consultation prior to Draft Corporate Plan

- ▶ Resident input via a resident focus group
- ▶ Local business input via a local business focus group
- ▶ Input from Cabinet during an away day

10. Results of initial screening

The following questions have been considered in order to evaluate the various equality groups:-

Age – Is there any concern that these proposals could cause differential impact on the grounds of age? All age groups.

Disability – Is there any concern that these proposals could cause differential impact on the grounds of disability? Disability is recognised under the Equality Act as 'a physical or mental impairment which has a substantial and long term effect on a person's ability to carry out normal day to day activities.'

Gender Reassignment – Is there any concern that these proposals could cause differential impact on the grounds of gender reassignment? The Equality Act recognises this where a person is proposing to undergo, is undergoing, or has undergone a process (or part of a process) for changing sex.

Marriage / Civil Partnership – Is there any concern that these proposals could cause differential

impact on the grounds of marriage or civil partnership? Under the Equality Act, no such protection exists for single or unmarried people.

Pregnancy / Maternity – Is there any concern that these proposals could cause differential impact on the grounds of pregnancy or maternity?

Race – Is there any concern that these proposals could cause differential impact on the grounds of race? Race is recognised under the Equality Act as a person’s skin colour, nationality or ethnic origin.

Gender – Is there any concern that these proposals could cause differential impact on the grounds of gender? Including men, women and transgender people.

Sexual Orientation – Is there any concern that these proposals could cause differential impact on the grounds of sexuality? Including heterosexual, gay, lesbian and bisexual people.

Religion or belief – Is there any concern that these proposals could cause differential impact on the grounds of religion or faith? All faiths recognised in the European Convention of Human Rights are included.

A commentary has been provided for each policy where appropriate – see Appendix A

11. Consideration to Dementia

South Ribble aims to be recognised as a Dementia Friendly Borough and is committed to ensuring that all public services, and those from local businesses (through the Dementia Charter) are supportive to those suffering with Dementia. The Corporate Plan will build on the work carried out last year to deliver actions from the Dementia Alliance action plan throughout 2019-20, and give consideration to Dementia throughout the planning and delivery of every project.

12. Decisions and / or recommendations (including supporting rationale)

The Corporate Plan has been developed specifically to address the needs of the Borough, based on the findings from Community Strategy consultation. There is no adverse impact on any particular group or groups. As projects identified in the Corporate Plan are developed further, equality impact assessments will be undertaken at that time.

13. Is an Equality Action Plan required?

No.

Appendix A – Results of initial screening

Policy / service	Protected Characteristics									Commentary
	Age	Disability	Gender reassignment	Marriage / civil p'ship	Pregnancy / maternity	Race	Religion or belief	Sex	Sexual Orientation	
Corporate Plan	+	+	+	+	+	+	+	+	+	The Corporate Plan has been developed specifically to address the needs of the Borough, based on the findings from Community Strategy consultation. There is no adverse impact on any particular group or groups. As projects identified in the Corporate Plan are developed further, equality impact assessments will be undertaken at that time.

Symbol	Impact
+	<i>Positive</i>
O	<i>Neutral / Negligible</i>
-	<i>Negative</i>
P	<i>Potential issue</i>

Corporate Plan 2018-23

Focusing on 2019-20 Delivery



Our Vision

'South Ribble is and continues to be recognised nationally as the best place in the UK'

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Section 1: Foreword

I am delighted to introduce South Ribble Council’s Corporate Plan for 2018 – 23 and to set out our plans for delivery over the next 12 months. Following engagement with partners and our communities, we are proud that people tell us South Ribble is a friendly and welcoming place, which reflects South Ribble being highlighted as the Best Place to Live in 2017.

All public services face significant budgetary challenges as well as increasing and complex demands. Over the past 12 months, we have been working with our partners from the public sector, business and the community to develop a ‘Community Strategy’ which sets out how we can all work together. Our plan sets out how we will work with partners to use our joint resources in a way that provides the services people need. The Council is investing in communities to improve access to facilities and open spaces which reflects this Council’s commitment to the importance of health and wellbeing.

South Ribble is a great place to do business and the plan reflects our ambition to support new and existing businesses. With links to the motorway network and the north of England, South Ribble offers a unique place to locate. Our Apprentice Factory symbolises our approach to supporting businesses and people to reach their ambitions.

I wish to thank staff and members for their hard work and commitment and over the next 12 months we will continue to serve the people and communities of South Ribble to the very best of our abilities.



Cllr Margaret Smith
Leader of the Council

Section 2: An introduction to South Ribble's Cabinet Members

Our Cabinet Members play a vital role in the development of the Corporate Plan, and each take individual ownership of several corporate Programmes within their portfolios. Performance and progress updates are formally presented to the Cabinet on a quarterly basis, with further informal updates being provided throughout the year. Below you can see South Ribble's Cabinet Members:



Councillor Margaret Smith
Leader of the Council



Councillor Caroline Moon
Deputy Leader / Portfolio Holder for Neighbourhoods and Streetscene



Councillor Colin Clark
Portfolio Holder for Corporate Support and Assets



Councillor Cliff Hughes
Portfolio Holder for Strategic Planning and Housing



Councillor Susan Snape
Portfolio Holder for Finance



Councillor Karen Walton
Portfolio Holder for Public Health and Safety, Wellbeing and Environmental



Councillor Phil Smith
Portfolio Holder for Regeneration and Leisure

Section 3: Commitment to the 2019-24 South Ribble Community Strategy

During 2018, South Ribble Partnership consulted with residents, businesses and partners on priorities for the Borough across 2019-24. To do this 20 interviews were carried out with senior members of key organisations within South Ribble this was complemented by two workshops with wider stakeholders, each having over 60 attendees representing over 30 partner organisations. A borough wide survey was undertaken and shared with the public receiving over 1,600 responses, which was externally analysed and provides a representative sample of our community.

At South Ribble Borough Council, along with other partners we have committed to using the Community Strategy to help shape their Corporate Plan, therefore allowing organisations all across South Ribble to collaboratively work towards shared objectives for the benefit of the local community. The diagram to the right provides an overview of how the Community Strategy feeds into the Corporate Plan, and the table on the following page shows how we aim to contribute towards each of the Community Strategy's priorities.



Section 3: Commitment to the 2019-24 South Ribble Community Strategy

Community Strategy Priority	What this means	Our Contribution
Effective Partnerships	<ul style="list-style-type: none"> ▶ Public, Private and 3rd Sector partners working together, using knowledge and resources to drive radical reshaping of local services. 	<ul style="list-style-type: none"> ▶ Opportunities for partnership working in renovated Council property. ▶ Opportunities for co-location in Leisure, Health and Wellbeing developments
Growth	<ul style="list-style-type: none"> ▶ People can realise their ambitions and access opportunities presented through the ongoing accelerated growth programme within Central Lancashire, including South Ribble (City Deal). ▶ Skills, education and job opportunities reflect local people's ambitions and promote social mobility. ▶ Homes, towns, villages and transport networks are well designed. 	<ul style="list-style-type: none"> ▶ Improving infrastructure, housing, employment and business opportunities.
Connected	<ul style="list-style-type: none"> ▶ A new relationship between communities and service providers. ▶ Community leaders, organisations and groups have the resources and tools they need. ▶ Communities are connected to what going on and what they can get involved in. ▶ People can actively participate their communities. 	<ul style="list-style-type: none"> ▶ Investing in digital for improved communication, engagement and customer experience. ▶ Build on South Ribble's already thriving community spirit to increase community involvement through our festivals and events programme
Place	<ul style="list-style-type: none"> ▶ A place known locally, regionally and nationally for its green spaces, welcoming and friendly communities and its vibrant cultural offer. ▶ A place that is well connected to major transport routes providing opportunities to live and do business well. 	<ul style="list-style-type: none"> ▶ Investing in South Ribble to be recognised as a great place to live, learn, thrive and grow through our Place Promotion strategy.

Vision:

Our vision for the Borough is set out below:

‘South Ribble is and continues to be recognised nationally as the best place in the UK’.

We also have a vision for the sort of Council we want to be:

‘A Council that is recognised for being innovative, forward thinking and financially self-sufficient, whilst putting people at the heart of everything we do’.

This aligns with the Community Strategy’s vision of:

‘South Ribble will continue to be known as one of the best places in the UK to live, work and do business’

In addition to:

‘Our communities will continue to be amongst the best places to learn, thrive and grow’.

Priorities:

Underpinning our vision are three priorities as shown below. We will continue to deliver these with **our people** – our staff and elected members working alongside our communities. The Council’s elected members will continue to play a crucial role in this. They will ensure that South Ribble’s voice is heard at meetings of our key strategic partnerships so that partnership plans reflect the priorities of our Council.



4.1: Excellence and Financial Sustainability

Our focus will continue to be on income generation to ensure we can continue to deliver our **excellent services** regardless of funding cuts, including through investment opportunities and returns from assets.

Our ambitious Transformation Strategy cuts across all services and activities, focusing on customer centric services, efficient, effective and innovative ways of working whilst driving a cultural shift throughout the whole Council.

Outcomes:

- ▶ High resident satisfaction
- ▶ Financial self-sufficiency through investment and commercial use of Council owned assets

What we will do:

Programme	Deliver or influence	Lead
Council investment Portfolio	Deliver	Cabinet member for Corporate Support & Assets
Transformation *	Deliver	Cabinet member for Corporate Support & Assets
New business models including shared services	Deliver	Cabinet member for Corporate Support & Assets

* cross cutting across all activities

4.1.1: Key Successes in 2018-2019

Digital Strategy Review

An external review has been carried out identifying challenges that we face due to digital constraints (both within the Council and by our residents, partners and local businesses) and opportunities that can be pursued. Work will commence in 2019-20 to begin implementing recommendations for this improvement.

Moss Side MOT Test Centre

Renovation has been completed at the Moss Side depot to create an MOT test centre which is now in operation. Further commercial opportunities will be explored throughout 2019-20.

Refurbishment of the Civic Events and Conference Centre

Leyland Civic Centre has been renovated and modernised to develop a 'Business and Conference Centre'. Going into 2019-20 we will use this space to generate revenue for the Council, in addition to providing more opportunities for community groups and partnership working.





4.1.2: Delivery plan for 2019-2020

Programme	Measuring Programme Success	Resourcing the Programme
<p>Programme: Council Investment Portfolio</p> <p>Strategic lead: Deputy Chief Executive (Resources and Transformation)</p>	<ul style="list-style-type: none"> ▶ Develop the investment programs for Housing and Economic Development for Cabinet's approval 	<ul style="list-style-type: none"> ▶ Borough Investment Fund (capital) ▶ Alignment of existing property and strategic asset management capital funding ▶ Alignment of existing strategic asset management revenue budgets and staff
Project (s):	Measuring Project Success	
Phase 2 Business and Conference Centre	<ul style="list-style-type: none"> ▶ Delivery of capital spend: On time and on budget ▶ % use by external customers 	
Worden Hall Arts Centre commercialisation	<ul style="list-style-type: none"> ▶ Market assessment completed and preferred option established. Next steps identified September 2019 	
Strategic asset review of surplus sites	<ul style="list-style-type: none"> ▶ Bring forward strategic asset and asset disposal programme for approval 	
Strategic review of business case for South Ribble Home Build proposal	<ul style="list-style-type: none"> ▶ Review completed, September 2019 	
Seeking opportunities to increase revenue at Moss Side Depot	<ul style="list-style-type: none"> ▶ Final proposals to be brought forward by end of 2019 	



Programme	Measuring Programme Success	Resourcing the Programme
<p>Programme: Transformation</p> <p>Strategic lead: Deputy Chief Executive (Resources and Transformation)</p> 	<ul style="list-style-type: none"> ▶ % residents satisfied with the way the Council runs things (<i>quarterly measure</i>) ▶ % residents who think the Council provides value for money (<i>annual measure</i>) 	<ul style="list-style-type: none"> ▶ Align existing transformation revenue budgets and staff ▶ Transformation funding from general financial reserve
Project (s):	Measuring Project Success	
<p>Implement recommendations from strategic digital review</p>	<ul style="list-style-type: none"> ▶ Percentage of self-service channel access vs phone/face-to-face (<i>quarterly measure</i>) ▶ Number of Digital transactions raised/completed via self-service whilst within the Council premises or via Digital Access Points across the borough (<i>quarterly measure</i>) ▶ Percentage of the workforce engaged in regular agile/mobile working (<i>quarterly measure</i>) ▶ Number and percentage of end-to-end processes automated (<i>quarterly measure</i>) 	
<p>Improve customer experience via customer journey mapping</p>	<ul style="list-style-type: none"> ▶ Number of complaints and number upheld (<i>quarterly measures</i>) ▶ Number of compliments received (quarterly measure) ▶ Number of complaints to the Ombudsman and number upheld (<i>quarterly measure</i>) ▶ Number of standards complaints (<i>quarterly measure</i>) 	



Programme	Measuring Programme Success	Resourcing the Programme
<p>Programme: New business models including shared services</p>  <p>Strategic lead: Deputy Chief Executive (Resources and Transformation)</p>	<p>▶ Delivery of associated projects</p>	<p>▶ Align existing revenue budgets and staff</p>
Project (s):	Measuring Project Success	
<p>Shared Services with Chorley Council</p>	<p>▶ Review to be carried out by May/June 2019</p>	

4.2: Health and Wellbeing

Our focus will continue to be on well-being for all, including the future health of our growing population, dementia and supporting our ageing population with limited mobility.

Developing and maintaining active lifestyles is a key building block for health and well-being. It plays a crucial role in improving health as well as preventing poor health in the future.

Through our provision of facilities, open and active spaces and services, we will continue to support and encourage sport and physical activity for residents of all ages and abilities. This is therefore an important priority for us.

As a district council, our role in improving health services is largely one of influencing and working collaboratively with others in the borough, the sub-region and the region, but we will do this to the best of our ability to ensure the priorities of our partners are aligned to our own.

This includes continuing to support the work of others to address child and fuel poverty and mental health issues where we can, for instance through our work in relation to housing and homelessness and our work with businesses to reduce unemployment and improve access to high-level jobs, all of which we know have an impact on these things.

We will also continue to strengthen our approach to how we support volunteers through our newly developed volunteer strategy and framework, recognising and capitalising on the strengths of residents and communities to be resilient and to support themselves and each other.

Furthermore, we will continue to seek to narrow the gap between the most and the least affluent communities and to reduce the health inequalities that exist in the Borough.

Outcomes:

- ▶ Increased satisfaction with access to and cleanliness of open spaces
- ▶ Increased satisfaction with sports and leisure facilities in the Borough
- ▶ Increase in the percentage of people in South Ribble who engage in more than 3 hours of physical activity per week
- ▶ Increase in healthy life expectancy
- ▶ Improved access to community health services
- ▶ Reduction in the number of people who are homeless
- ▶ Recognition as a Dementia Friendly Borough
- ▶ Close the gap between the least and the most deprived areas in the Borough – fewer people will be classed as deprived
- ▶ Reduction in the health inequalities that exist in the Borough
- ▶ By 2023, air quality in South Ribble will have improved



What we will do

Programme	Deliver or influence	Lead
Green Links, Parks and Campus: Health, leisure and wellbeing delivery model focused on prevention and intervention	Deliver in partnership	Cabinet member for Regeneration & Leisure
Homelessness and independent living support	Deliver in partnership	Cabinet member for Corporate Support & Assets
Support for communities and volunteering	Deliver in partnership	Leader
Social isolation and loneliness	Influence & deliver in partnership	Cabinet member for Public Health, Safety & Wellbeing
Lancashire Mental Health Strategy	Influence	Cabinet member for Public Health, Safety & Wellbeing
Borough-wide Air Quality Plan	Influence & deliver in partnership	Cabinet member for Public Health, Safety & Wellbeing

4.2.1: Key Successes in 2018-2019

Leisure Health and Wellbeing Programme Progression

We have carried out strategic analysis to look at options going forward for leisure, health and wellbeing across the Borough, including reviewing leisure contracts, open spaces, options for artificial grass pitches. Furthermore, we have received planning permission for the first stages of our green links programme and the Leyland Leisure Health and Wellbeing campus, which both aim to create a more active, accessible and connected Borough for leisure, health and wellbeing services.

Social Isolation and Loneliness

Following on from the launch of the Dementia Charter for local business last year, we have continued to work hard to ensure that South Ribble is a 'Dementia Friendly Community'. This has included a South Ribble Dementia Week taking place, Leyland Festival Senior Marshalls all becoming dementia friends, and the Dementia Buddy Scheme being set up funding an initial 90 devices for free to residents of South Ribble.



Development of an Air Quality Action Plan

Following concerns of worsening air quality levels we have developed an action plan to work towards overcoming these challenges both as a Council and as a borough.



4.2.2: Delivery plan for 2019-2020

Programme	Measuring Programme Success	Resourcing the Programme
<p>Programme: Green Links, Parks and Campus: Health, leisure and wellbeing delivery model focused on prevention and intervention</p> <p>Strategic lead: Deputy Chief Executive (Regeneration and Growth)</p>	<ul style="list-style-type: none"> ▶ Number of visits to our leisure and sports facilities (<i>quarterly measure</i>) ▶ Number of young people taking part in programmed activities (<i>termly measure</i>) 	<ul style="list-style-type: none"> ▶ Re-alignment of existing capital reserves ▶ Align existing revenue budgets and staff i.e. Regeneration, Sports & Leisure Team, Sports Development in schools ▶ Re-align sports pitch capital and revenue budgets
Project (s):	Measuring Project Success	
Commence next phase of borough Green Links	<ul style="list-style-type: none"> ▶ Initial Consultation on Green Links completed May 2019 	<ul style="list-style-type: none"> ▶ Borrowing
Continue delivery of Central Parks Masterplan	<ul style="list-style-type: none"> ▶ Ongoing delivery of key actions within the Masterplan 	<ul style="list-style-type: none"> ▶ Partnership contributions
Develop masterplan for Leyland Health Leisure and Wellbeing site	<ul style="list-style-type: none"> ▶ Consultation on site completed May 2019 ▶ Masterplan developed Sep 2019 	
Scope options for leisure delivery, identify preferred option and commence delivery	<ul style="list-style-type: none"> ▶ Scope completed and preferred option identified 	
Commence work identified in Open Space Sports & Recreation Assessment & Playing Pitch Strategy	<ul style="list-style-type: none"> ▶ Strategy brought forward by end of 2019 	
Develop masterplan for Lostock Hall, Penwortham, and Bamber Bridge Health Leisure and Wellbeing sites	<ul style="list-style-type: none"> ▶ Masterplans brought forward by end of 2019 	
Preventative and educational digital Health and Wellbeing programme	<ul style="list-style-type: none"> ▶ Bring forward programme by end of 2019 	

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Programme	Measuring Programme Success	Resourcing the Programme
<p>Programme: Homelessness and independent living support</p> <p>Strategic lead: Deputy Chief Executive (Regeneration and Growth)</p>	<ul style="list-style-type: none"> ▶ Number of homeless presentations (<i>quarterly measure</i>) ▶ Number of people presenting as Homeless or threatened with homelessness who are prevented from becoming homeless (<i>quarterly measure</i>) ▶ Number of people who are homeless and which we have a full duty under the Act (<i>quarterly measure</i>) 	<ul style="list-style-type: none"> ▶ Align Disabled Facilities Grant and Private Sector Housing Grant capital funding ▶ Align existing revenue budget and staff ▶ External funding
<p>Project (s):</p>	<p>Measuring Project Success</p>	
<p>Implement a new service delivery model of health focused on prevention</p>	<ul style="list-style-type: none"> ▶ Scope new service delivery model by end of 2019 	



Programme	Measuring Programme Success	Resourcing the Programme
<p>Programme: Support for communities and volunteering </p> <p>Strategic lead: Deputy Chief Executive (Regeneration and Growth)</p>	<ul style="list-style-type: none"> ▶ Delivery of associated projects 	<ul style="list-style-type: none"> ▶ Corporate Planning and Partnerships
Project (s):	Measuring Project Success	
<p>Review the Exceptional Hardship Payment Policy as part of the Council Tax Support Scheme for 2020/2021</p>	<ul style="list-style-type: none"> ▶ Review of scheme to be completed 2019/2020 	
<p>Work with partners to deliver actions identified in the Volunteering Strategy </p>	<ul style="list-style-type: none"> ▶ Consultation on Strategy completed Sep 2019 ▶ A deal with the community established Sep 2019 	
Programme	Measuring Programme Success	Resourcing the Programme
<p>Programme: Social isolation and loneliness </p> <p>Strategic lead: Deputy Chief Executive (Regeneration and Growth)</p>	<ul style="list-style-type: none"> ▶ Delivery of associated projects 	<ul style="list-style-type: none"> ▶ Corporate Planning and Partnerships
Project (s):	Measuring Project Success	
<p>Continue to deliver the key actions of the South Ribble Dementia Action Alliance </p>	<ul style="list-style-type: none"> ▶ South Ribble continues to be recognised as a dementia friendly community (approved by the Alzheimer's Society) ▶ Number of local business signed up to the dementia charter? (<i>quarterly measure</i>) 	



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Programme	Measuring Programme Success	Resourcing the Programme
<p>Programme: Lancashire Mental Health Strategy </p> <p>Strategic lead: Deputy Chief Executive (Regeneration and Growth)</p>	<ul style="list-style-type: none"> ▶ Delivery of associated projects 	<ul style="list-style-type: none"> ▶ Corporate Planning and Partnerships
Project (s):	Measuring Project Success	
<p>Deliver actions identified from the MH2K project </p>	<ul style="list-style-type: none"> ▶ Number of actions completed within the action plan, working in partnership with Preston and Chorley Councils ▶ Production of school resource video, supporting LGBTQ+ communities, arising as key action from MH2K 	
Programme	Measuring Programme Success	Resourcing the Programme
<p>Programme: Deliver the Borough's Air Quality Plan </p> <p>Strategic lead: Deputy Chief Executive (Regeneration and Growth)</p>	<ul style="list-style-type: none"> ▶ % of residents who are concerned about air quality in South Ribble (<i>annual measure</i>) 	<ul style="list-style-type: none"> ▶ Align existing capital funding ▶ Align existing revenue budgets and staff
Project (s):	Measuring Project Success	
<p>Delivery of actions identified in the air quality action plan</p>	<ul style="list-style-type: none"> ▶ Delivery of key actions of the plan including <ul style="list-style-type: none"> - Electric Blue Evolve Programme - New sites with electric charging points - Anti-Idling campaign 	

Our focus will be continue to be on neighbourhoods and town centres, economic growth (including jobs, housing, transport and infrastructure) and place promotion

Business stability is key and we will support a mixed economy where large and small businesses have equal opportunities to thrive.

Outcomes

- ▶ Increase in the number of large, medium, small and micro enterprises in the Borough
- ▶ Increase in employment numbers in the Borough
- ▶ Further improve skills to meet the need of the evolving job market.
- ▶ Increase in the number of higher-level jobs
- ▶ More homes of the quality and mix to meet needs

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What we will do

Programme	Deliver or influence	Lead
Cuerden strategic site	Deliver in partnership	Cabinet member for Strategic Planning & Housing
Central Lancashire Core Strategy and South Ribble Local Plan	Influence & deliver in Partnership	Cabinet Member for Strategic Planning and Housing
City Deal and Plan for Successor Programmes	Influence & deliver in Partnership	Leader
Economic Strategy: support for existing as well as new businesses	Influence & deliver in partnership	Cabinet member for Regeneration & Leisure
Housing Framework : delivery of a balanced housing market	Deliver in partnership	Cabinet member for Strategic Planning & Housing

Programme	Deliver or influence	Lead
Place promotion	Deliver	Leader
My Neighbourhood Plans	Deliver in partnership	Cabinet member for Regeneration & Leisure
River Ribble Master Planning	Influence & deliver in partnership	Cabinet member for Regeneration & Leisure
Raising community aspirations in relation to growth and improvements in the Borough	Influence & deliver in partnership	Leader
Renewable energy	Deliver	Cabinet member for Public Health, Safety & Wellbeing

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4.3.1: Key Successes in 2018-2019

Development of the Community Strategy

We have collaborated with partners, through the South Ribble Partnership a [Community Strategy for 2019-2024](#) has been developed, allowing partners across the Borough to work towards shared objectives in the interest of the local community. This also includes a [Volunteering Framework and Strategy](#) aiming to encourage and empower more individuals across the Borough to get actively involved within their community.



My Neighbourhood Projects

We have successfully delivered numerous Community projects, including the World War 1 Centenary with the McNamara VC memorial, in addition to improvements to the Walton le Dale car park

Town Centre Masterplanning

As part of the City Deal, we have carried out work to plan for improvements to the town centres of Leyland, Penwortham, and Lostock Hall. Consultation with local residents is set to continue into 2019-20 with work also scheduled to commence.

River Ribble Masterplanning

We have made improvements to the infrastructure for both walking and cycling in the area, in addition taking extra measures to ensure that both wildlife and nature continues to thrive in the area.

4.3.2: Delivery plan for 2019-2020

Programme	Measuring Programme Success	Resourcing the Programme
<p>Programme: Cuerden strategic site</p> <p>Strategic lead: Deputy Chief Executive (Regeneration and Growth)</p>	<ul style="list-style-type: none"> ▶ Continue working with partners to bring forward site development 	<ul style="list-style-type: none"> ▶ City Deal funding ▶ Align existing revenue budgets and staff
Project (s):	Measuring Project Success	
<p>Implement Phase 2 of the Employment and Skills Plan</p>	<ul style="list-style-type: none"> ▶ Overall working age employment rate (<i>quarterly measure</i>) ▶ Proportion of population aged 16-64 qualified to at least Level 4 or higher in South Ribble (<i>annual measure</i>) ▶ Number of higher level jobs in the Borough (<i>annual measure</i>) 	



Programme	Measuring Programme Success	Resourcing the Programme
Programme: Central Lancashire Local Plan Strategic lead: Deputy Chief Executive (Regeneration and Growth)	<ul style="list-style-type: none"> ▶ % residents satisfied with the area as a place to live (<i>annual measure</i>) 	<ul style="list-style-type: none"> ▶ Establish Joint Programme Team to Coordinate and Deliver Central Lancashire Work. Share costs with Central Lancashire partners ▶ Focus existing internal staff on South Ribble Local Plan review
Project (s): Prepare and consult on issues and options for and prepare draft Central Lancashire Local Plan	Measuring Project Success <ul style="list-style-type: none"> ▶ Completion of initial draft of issues and options Sep 2019 ▶ Completion of 2nd call for 'sites' for development/use March 2019 	
Programme	Measuring Programme Success	Resourcing the Programme
Programme: City Deal and Plan for Successor Programmes Strategic lead: Deputy Chief Executive (Regeneration and Growth)	<ul style="list-style-type: none"> ▶ Delivery of Infrastructure ▶ Number of new homes delivered (<i>annual measure</i>) ▶ Number of new affordable homes delivered (<i>annual measure</i>) 	<ul style="list-style-type: none"> ▶ City Deal funding ▶ Homes and Communities Agency Capacity Fund ▶ Town Centre funding application submitted
Project (s) Act as an enabling authority whilst working with partners and developers to increase the rate of delivery of new homes and commercial floor space by unlocking City Deal sites, prioritising infrastructure development.	Measuring Project Success <ul style="list-style-type: none"> ▶ Number of new homes delivered (<i>quarterly measure</i>) ▶ Number of new affordable homes delivered (<i>quarterly measure</i>) 	
Awarding of contracts and begin construction of Cross Borough Link Road	<ul style="list-style-type: none"> ▶ Delivery of Infrastructure 	
Carry out a strategic review of projects listed in the City Deal Business and Delivery Plan 2017-20, identify priorities and commence delivery.	<ul style="list-style-type: none"> ▶ Ongoing review 2019-2020 	
Scope and prepare masterplans for key centres in South Ribble, including consultation with local residents and businesses, and commence delivery.	<ul style="list-style-type: none"> ▶ Bring forward Masterplans Leyland, Bamber Bridge and Penwortham by end of 2019 ▶ Town Centre centre vacancy rate: Leyland, Bamber Bridge, Penwortham (<i>annual measures</i>) 	

Programme	Measuring Programme Success	Resourcing the Programme
<p>Programme: Economic Strategy: support for existing as well as new businesses</p> <p>Strategic lead: Deputy Chief Executive (Regeneration and Growth)</p> 	<ul style="list-style-type: none"> ▶ Number of micro enterprises in the Borough (<i>annual measure</i>) ▶ Number of small enterprises in the Borough (<i>annual measure</i>) ▶ Number of medium sized enterprises in the Borough (<i>annual measure</i>) ▶ Number of large enterprises in the Borough (<i>annual measure</i>) 	<ul style="list-style-type: none"> ▶ City Deal funding ▶ Align existing Economic Development revenue budget and staff
<p>Project (s):</p>	<p>Measuring Project Success</p>	
<p>Prepare and implement a Central Lancashire Economic Strategy and align to City Deal</p>	<ul style="list-style-type: none"> ▶ Strategy to be developed by end of 2019 	
<p>Prepare strategy for supporting new and small businesses</p>	<ul style="list-style-type: none"> ▶ Develop proposal by August 2019 	
Programme	Measuring Programme Success	Resourcing the Programme
<p>Programme: Housing Framework: delivery of a balanced housing market</p> <p>Strategic lead: Deputy Chief Executive (Regeneration and Growth)</p> 	<ul style="list-style-type: none"> ▶ % (and number) of empty properties (properties that have been empty for 6 months and over) as a proportion of the total housing stock (<i>quarterly measure</i>) 	<ul style="list-style-type: none"> ▶ Align existing capital and revenue budgets and staff
<p>Project (s):</p>	<p>Measuring Project Success</p>	
<p>Deliver actions identified in the Private sector Stock Condition Survey</p>	<ul style="list-style-type: none"> ▶ Prepare action plan by September 2019 	



Programme	Measuring Programme Success	Resourcing the Programme
Programme: Place promotion Strategic lead: Deputy Chief Executive (Regeneration and Growth)	<ul style="list-style-type: none"> ▶ Delivery of associated projects 	<ul style="list-style-type: none"> ▶ Align existing Public Relations' revenue budgets and staff ▶ Align existing Economic Development revenue budgets and staff ▶ Align existing Regeneration revenue budgets and staff ▶ Align existing Neighbourhoods revenue budgets and staff
Project (s): Develop Invest Central Lancashire and South Ribble Inward Investment Marketing Plan/Activity, and deliver actions.	Measuring Project Success <ul style="list-style-type: none"> ▶ Plan developed by March 2020 	
Develop South Ribble Programme for festivals and events, to build on South Ribble's thriving community spirit.	<ul style="list-style-type: none"> ▶ Resident satisfaction with community festivals and events (<i>annual measure</i>) ▶ Number of community festivals and events held that the Council have been involved in organising or running? (<i>annual measure</i>) 	
Work with partners to build a network of South Ribble Ambassadors.	<ul style="list-style-type: none"> ▶ Number of South Ribble Ambassadors (<i>quarterly measure</i>) 	
Programme	Measuring Programme Success	Resourcing the Programme
Programme: My Neighbourhood Plans Strategic lead: Deputy Chief Executive (Regeneration and Growth)	<ul style="list-style-type: none"> ▶ Delivery and progress of associated projects 	<ul style="list-style-type: none"> ▶ Align existing My Neighbourhoods capital budget, revenue budgets and staff ▶ City Deal funding
Project (s): Deliver projects within the agreed MyNeighbourhood Plans	Measuring Project Success <ul style="list-style-type: none"> ▶ Number of projects completed / progressed as set out in the neighbourhood plans 	

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Programme	Measuring Programme Success	Resourcing the Programme
<p>Programme: Raising community aspirations in relation to growth and improvements in the Borough</p> <p>Strategic lead: Deputy Chief Executive (Regeneration and Growth)</p>	<ul style="list-style-type: none"> ▶ Delivery of associated projects 	<ul style="list-style-type: none"> ▶ Corporate Planning and Partnerships
Project (s):	Measuring Project Success	
<p>In collaboration within partners, deliver identified within the strategy.</p>	<ul style="list-style-type: none"> ▶ Number of partners who are members of the Strategic Partnership (<i>Quarterly measure</i>) ▶ Development of Action Plan for Community Strategy Delivery by Sep 2019 	
Programme	Measuring Programme Success	Resourcing the Programme
<p>Programme: River Ribble Master planning</p> <p>Strategic lead: Deputy Chief Executive (Regeneration and Growth)</p>	<ul style="list-style-type: none"> ▶ Delivery of associated projects 	<ul style="list-style-type: none"> ▶ Align existing Regeneration and Neighbourhoods capital funding ▶ Align existing Regeneration and Neighbourhoods revenue budgets and staff
Project (s):	Measuring Project Success	
<p>Prepare Masterplan for River Ribble Green Links including consultation and implementing priority projects</p>	<ul style="list-style-type: none"> ▶ Continue preparation of Masterplan 	<ul style="list-style-type: none"> ▶ Potential third party funding including City Deal, Lancashire Environmental Fund and Lottery ▶ Community Infrastructure Levy
<p>Explore funding opportunities and secure planning permission for development of new Ribble Crossing</p>	<ul style="list-style-type: none"> ▶ Continue to lobby and identify opportunities 	<ul style="list-style-type: none"> ▶ Housing Infrastructure Fund ▶ Planning Obligations Fund

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4.4: Our People

Our biggest resource is our people. This means our workforce and our elected members working alongside local people and communities for the benefit of the Borough. Our people are therefore also a priority as they underpin everything we do.

We want all our people to be proud to be a part of South Ribble and will therefore focus on supporting existing staff and elected members to be the best they can be, raising aspirations and being an employer and a Council of choice for both prospective staff and prospective Councillors.

Outcomes

- ▶ More apprentices of all ages in the Council and in the Borough
- ▶ Increase in levels of staff satisfaction
- ▶ Increase in the level of member satisfaction

What we will do

Programme	Deliver or influence	Lead
Apprentices	Influence & deliver in partnership	Leader
Organisational Development	Deliver	Leader

4.4.1: Key Successes in 2018-2019

Review of Organisational Culture

In collaboration with North West Employers, we carried out a review of our organisational culture within the Council, due a number of transformational changes taking place within the organisation. Within this we also developed a staff engagement measurement tool, this was used to gage a baseline which we can now be use as a comparison going forward against future measures.

Apprentice Factory

Within this project we have taken advantage of the Apprenticeship Levy offered by Central Government that allows employees to be upskilled at a much reduced cost, including the undertaking of both undergraduate and postgraduate qualifications.

Going forward more opportunities will be pursued including both for both leadership and project management.



4.4: Our People

4.4.2: Delivery plan for 2019-2020

Programme and Project (s)	Measuring Programme Success	Resourcing the Programme
<p>Programme: Organisational Development</p> <p>Strategic lead: Deputy Chief Executive (Resources and Transformation)</p>	<ul style="list-style-type: none"> ▶ Days lost to sickness absence per FTE (<i>quarterly measure</i>) ▶ % of staff who are satisfied with the Council as a place to work (<i>annual measure</i>) ▶ % of members who are proud to be a member of the Council (<i>annual measure</i>) 	<ul style="list-style-type: none"> ▶ Align existing revenue budgets and staff ▶ £100,000 Organisational Development budget (£10,000 allocated for Member development)
Project (s):	Measuring Project Performance	
<p>Phase 1 Senior Leadership Development Programme</p>	<ul style="list-style-type: none"> ▶ Ongoing programme, embedding into organistaion 	
<p>Bring forward a comprehensive Member Development Program, including relevant actions from Scrutiny Review of Member Induction and Development, aligning with the first level of the North West Employers' Organisation Member Development Charter</p>	<ul style="list-style-type: none"> ▶ Development programme established ▶ % of Members satisfied with training and development (annual measure) ▶ % Members engaged in training and development (quarterly measure) 	

4.4: Our People

Programme and Project (s)	Measuring Programme Success	Resourcing the Programme
<p>Programme: Apprentices</p> <p>Strategic lead: Deputy Chief Executive (Resources and Transformation)</p>	<ul style="list-style-type: none"> ▶ Number of staff undertaking apprenticeships in the Council (<i>bi-annual measure</i>) ▶ Number of apprenticeship starts in South Ribble (<i>bi-annual measure</i>) 	<ul style="list-style-type: none"> ▶ Align existing revenue budgets and staff
Project (s):	Measuring Project Success	
<p>Apprentice Factory Phase 2 – including upskilling leadership project manager, and helping apprentices start entrepreneurial ventures on completion of their apprenticeships</p>	<ul style="list-style-type: none"> ▶ % of Levy used 	

5.1: Working in partnership

The Council continues to work collaboratively with a wide range of public sector agencies and businesses and seeks to improve outcomes for local people and communities through having a strong voice for South Ribble.

The key partnerships that support delivery of the priorities in this plan are set out below.

Community
Strategy



South Ribble Partnership brings together people from across the public sector, businesses and voluntary and community organisations with an aim to deliver better services in South Ribble, based on what local people want.

The Council has a unique role to play in this partnership, as it has a democratic mandate to represent its communities within the Borough. We therefore take a leading role in the partnership's work and are able to use this mandate to influence the partnership's priorities.

We will provide strong leadership on this going forward to make sure we maximise the collective resources of the partnership and the partners for the benefit of South Ribble communities and residents and can therefore make an impact even on things that we don't have direct responsibility for such as health services and policing.



South Ribble Community Leisure Trust is responsible for the management of the Council's leisure facilities and plays a critical role in supporting the health and well-being of our residents. They do this through developing active lifestyles, enhancing facility provision, raising the profile of sport and active leisure and supporting community sport.

Central Lancashire health and wellbeing partnership is building strong and effective links between Preston, Chorley and South Ribble Councils, the NHS bodies, Lancashire County Council, the Voluntary Community and Faith Sector and other public bodies to improve local people's health and wellbeing.

Lancashire Enterprise Partnership is a creative collaboration of leaders from business, universities and local councils, who direct economic growth and drive job creation in Lancashire

Preston, South Ribble and Lancashire City Deal is an initiative developed by partners and supported by central government which will transform Central Lancashire, creating thousands of new jobs and homes, while increasing the size of the local economy by £1 billion.

Lancashire County Council is a key partner as it is responsible for many of the services that are crucial to South Ribble people and its communities such as highways, transport, schools, children and adult social care.

In addition to these key strategic partnerships, **the six parish councils and one town council in South Ribble** act on behalf of the communities they represent, giving views on behalf of the community on planning applications and other proposals that affect the area.

5.2: Statutory services and business transformation

We have big ambitions in this plan for improving our Borough and the quality of lives of all our residents and communities. We will be moving from being a reactive enforcement authority to a proactive preventative authority.

However, our staff also work hard every day delivering a wide range of services that amount to ‘business as usual’. This includes waste collection, keeping our streets and our parks and open spaces clean and well maintained, public protection and safeguarding through our environmental health, planning, building control and licensing services and providing advice on council tax benefits and homelessness prevention.

Our Gateway staff are the first point of contact with the Council for many, dealing with enquiries over the telephone or over the counter at our offices and staff also manage the Council’s buildings and other assets, ensuring they are safe for both visitors and staff, as well as managing the Council’s financial and legal affairs and governance arrangements.

Our business transformation programme will look at all these services on an on-going basis to ensure they continue to be as efficient and effective as possible, providing access to high-quality services on time every time.

5.3: Performance, Review and Continuous Improvement

The Corporate plan is shaped and influenced by a number of different policies and strategies. Policies set out a framework of intention that we agree to follow. Strategy enables us to implement a policy, by setting out a roadmap with the means and resources that support us to achieve our outcomes.

Policies and strategies are local, sub-regional and regional. Performance, review and continuous improvement is the tool we use to check that both policy and strategy from where they have originated still connect with each other and whether the Corporate Plan and our objectives need to change course or that we maintain our heading.

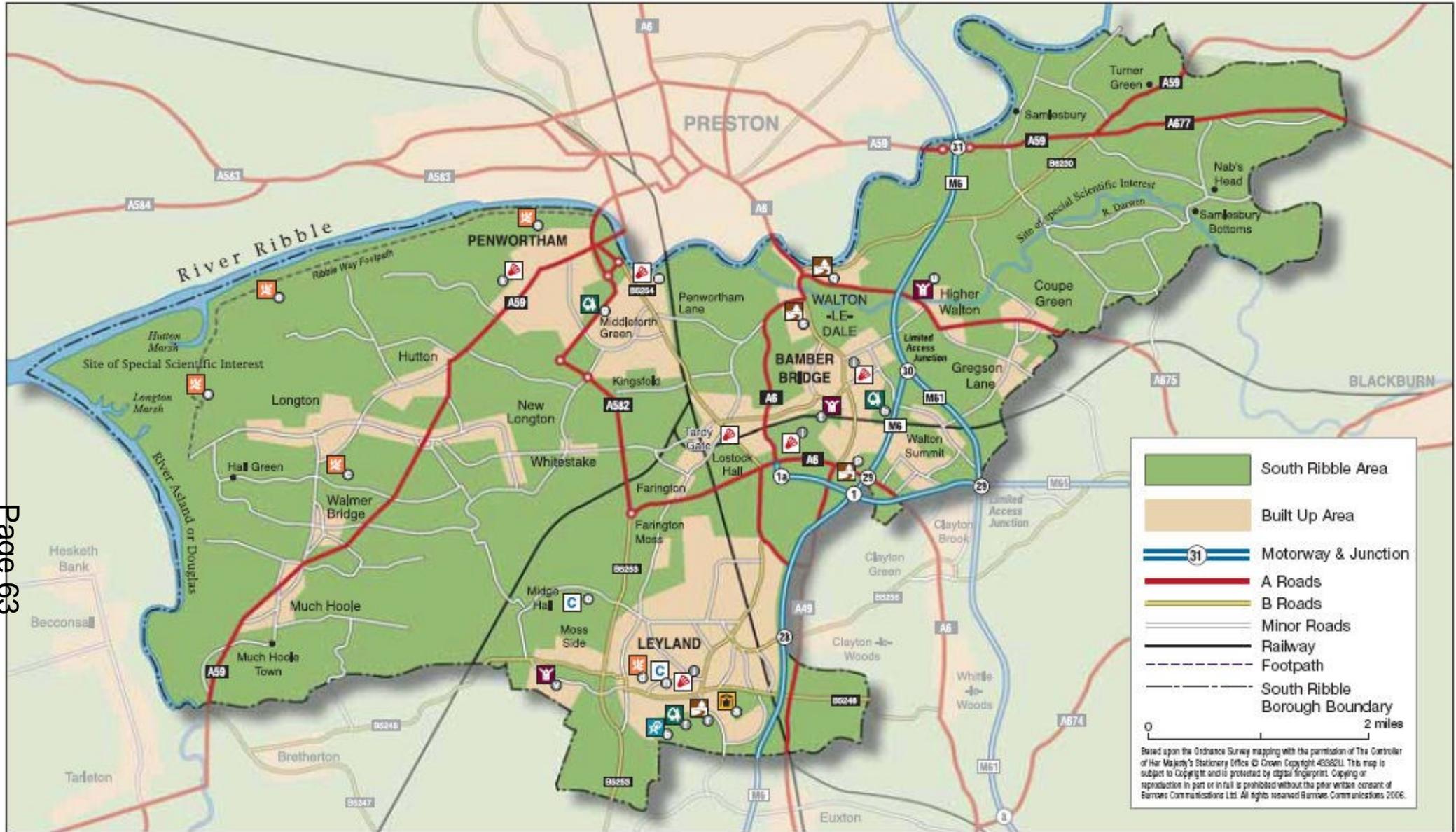
The Council’s [performance management framework](#) will be used to monitor the delivery of the Corporate Plan. Progress is recorded by project managers on a regular basis, using the Council’s performance and projects management system and Leadership Team receive monthly reports via the Programme Board meetings. Quarterly reports are made to the Council’s Cabinet and Scrutiny Committee with an annual report to Full Council in July each year.

5.4: Equality and diversity

We are committed to equality, diversity and community cohesion, and we have a legal requirement to have equality objectives, together with having due regards to equality as the plan is delivered. Our 2019 – 20 equality objectives are as follows:

- ▶ Disability Access Audit of the Business & Conference Centre (formerly the Banqueting Suite).
- ▶ Implement a project to deliver independent living support to people living with a disability.
- ▶ Develop and electronic equality impact assessment tool to replace our current manual system.
- ▶ Review all service equality impact assessments to reflect the new leadership structure.
- ▶ Updated equality and diversity training to be provided to employees and members, using discussion groups and our MILO e-learning package.
- ▶ Review of corporate consultation and sharing of intelligence.
- ▶ Deliver the key actions of the South Ribble Dementia Action Alliance as part of our Dementia Friendly Borough status.
- ▶ MH2K project and work place based health checks programme.
- ▶ Develop a strategy for engaging with young people with members of South Ribble Partnership.

We will monitor delivery of the above objectives through our quarterly performance monitoring report presented to our Leadership Team, Scrutiny Committee and Cabinet.



Museum

- Ⓐ South Ribble Museum & Exhibition Centre

Arts & Crafts

- Ⓑ Worden Arts & Crafts Centre

Nature Interest

- Ⓒ Longton Brickcroft & Visitor Centre
- Ⓓ Shrug's Wood
- Ⓔ Ribble Way Footpath

Leisure Facilities

- Ⓘ Bamber Bridge Leisure Centre & Pool
- Ⓝ Leyland Leisure Centre & Pool
- Ⓞ Penwortham Leisure Centre & Pool
- Ⓟ Tennis Centre
- Ⓠ Penwortham Holme Recreation Centre

Council Outlets

- Ⓡ Civic Centre / South Ribble Banqueting Suite
- Ⓢ Moss Side Depot

Parks

- Ⓣ Worden Park
- Ⓤ Hurst Grange Park
- Ⓥ Withy Grove Park

Conservation Areas

- Ⓟ Church Road
- Ⓠ Church Brow
- Ⓡ Leyland Cross
- Ⓢ Walton Green

Community Centres

- Ⓣ Bamber Bridge Community Centre
- Ⓤ Higher Walton Community Centre
- Ⓥ Moss Side Community Centre

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REPORT TO	ON
CABINET	13 February 2019



TITLE	PORTFOLIO	REPORT OF
Nomination of Mayor Elect and Deputy Mayor Elect 2019/20	Leader of the Council	Assistant Director of Scrutiny and Democratic Services

Is this report a KEY DECISION (i.e. more than £100,000 or impacting on more than 2 Borough wards?)	No
Is this report on the Statutory Cabinet Forward Plan ?	No
Is the request outside the policy and budgetary framework and therefore subject to confirmation at full Council?	No
Is this report confidential?	No

1. PURPOSE OF THE REPORT

- 1.1 To seek nominations for the Mayor Elect and Deputy Mayor Elect 2019/20.

2. PORTFOLIO RECOMMENDATIONS

- 2.1 That the current Deputy Mayor, Councillor Carol Chisholm be nominated as the Mayor Elect for 2019/20; and
- 2.2 That the Cabinet nominate a Councillor to be the Deputy Mayor Elect for 2019/20.

3. CORPORATE PRIORITIES

- 3.1 The report relates to the following corporate priorities:

Excellence and Financial Sustainability	✓
Health and Wellbeing	
Place	

Projects relating to People in the Corporate Plan:

People	
--------	--

4. MAYOR ELECT AND DEPUTY MAYOR ELECT 2019/20

- 4.1 The Mayor and Deputy Mayor for the Council Year 2019/20 will need to be formally appointed at the Annual Council Meeting (Mayoral Installation) in May 2019.
- 4.2 It has been the practice for a number of years for the Cabinet to nominate the Mayor Elect and Deputy Mayor Elect for the forthcoming Council Year, in advance of the Annual Council Meeting to enable arrangements to be made for the Mayoral Installation and invitations sent out to family members and friends, well in advance of the event.
- 4.3 It has also been normal practice for the Deputy Mayor to be appointed as the Mayor for the succeeding Council Year. Councillor Carol Chisholm was appointed as the Deputy Mayor for 2018/19 and it would therefore follow that he should be nominated as the Mayor Elect for 2019/20.

5. CONSULTATION CARRIED OUT AND OUTCOME OF CONSULTATION

- 5.1 Not applicable.

6. OTHER OPTIONS CONSIDERED AND REJECTED

- 6.1 Not applicable. The Constitution indicates that the Mayor and Deputy Mayor should be appointed at the Annual Council Meeting held each year.

7. FINANCIAL IMPLICATIONS

- 7.1 Mayoral costs are already included in the Council's revenue budget and therefore the appointment of the Mayor Elect and Deputy Mayor Elect for 2019/20 will have no financial impact.

8. HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT IMPLICATIONS

- 8.1 There are no human resources and organisational development implications arising from this report.

9. ICT/TECHNOLOGY IMPLICATIONS

- 9.1 There are no ICT/Technology implications arising from this report.

10. PROPERTY AND ASSET MANAGEMENT IMPLICATIONS

- 10.1 There are no property and asset management implications arising from this report.

11. RISK MANAGEMENT

- 11.1 There are no risk management implications arising from this report.

12. EQUALITY AND DIVERSITY IMPACT

- 12.1 There are no equality implications arising from this report.

13. RELEVANT DIRECTORS RECOMMENDATIONS

13.1 That the current Deputy Mayor, Councillor Carol Chisholm be nominated as the Mayor Elect for 2019/20; and

13.2 That the Cabinet nominate a Councillor to be the Deputy Mayor Elect for 2019/20.

14. COMMENTS OF THE STATUTORY FINANCE OFFICER

14.1 Mayoral costs are already included in the Council’s revenue budget and therefore the appointment of the Mayor Elect and Deputy Mayor Elect for 2019/20 will have no financial impact.

15. COMMENTS OF THE MONITORING OFFICER

15.1 The Constitution states that the Mayor and Deputy Mayor should be appointed at the Annual Council Meeting and this report requests the Cabinet to nominate the Mayor Elect and Deputy Mayor Elect for 2019/20 to enable arrangements for the Mayoral Installation in May 2019 to be commenced.

16. BACKGROUND DOCUMENTS

16.1 There are no background papers to this report

Darren Cranshaw
Assistant Director – Scrutiny & Democratic Services

Report Author:	Telephone:	Date:
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REPORT TO	ON
CABINET	13 February 2019

TITLE	PORTFOLIO	REPORT OF
Council Tax Support Scheme – Modelling Outcome and Hardship Scheme Review	Cabinet Member (Finance)	Director of Customer and Digital
Is this report a KEY DECISION (i.e. more than £100,000 or impacting on more than 2 Borough wards?)	Yes	
Is this report on the Statutory Cabinet Forward Plan ?	Yes	
Is the request outside the policy and budgetary framework and therefore subject to confirmation at full Council?	No	
Is this report confidential?	No	

1. PURPOSE OF THE REPORT

- 1.1 As documented previously the Cabinet’s intention has always been to consult and implement a new Council Tax Support Scheme in April 2019. However the Government announcement on changes to Universal Credit (UC) in the Chancellor’s Budget of 29th October 2018 meant that we needed to review the potential impact of the changes in relation to any local scheme that might be implemented. It was therefore decided to commission Policy in Practice to undertake an impact assessment and remodelling of the current and alternative scheme options. This report details the outcome of that remodelling.
- 1.2 It was also identified that promotion and take up of the Exceptional Hardship Fund was low and there was a need to proactively promote the Fund to ensure that it supports those in greatest need.

2. PORTFOLIO RECOMMENDATIONS

- 2.1 That the Cabinet notes the recent Government budget announcements and the remodelling work carried out to inform the formal consultation required to adopt a revised Council Tax Support scheme for 2020/2021.
- 2.2 That the Cabinet notes the proposed work to proactively promote the hardship funds.

3. REASONS FOR THE DECISION

- 3.1 The adoption of a revised Council Tax Support scheme has been agreed as a priority in the Corporate Plan (2018-23) and Medium Term Financial Strategy.
- 3.2 To ensure that any future, new or revised scheme is intended to address the potential administrative burden of the rollout of Universal Credit and satisfy the statutory requirement within the localisation of Council Tax Support that consultation must take place with major preceptors and residents.

4. CORPORATE PRIORITIES

- 4.1 The report relates to the following corporate priorities:

Excellence and Financial Sustainability	✓
Health and Wellbeing	
Place	

5. BACKGROUND TO THE REPORT

- 5.1 Council Tax Support (CTS) is a discount designed to help low-income households pay their Council Tax bill. Until 2012/13, it was a centrally-administered benefit, known as Council Tax Benefit (CTB). Administration of the benefit was devolved to local authorities in April 2013, together with a reduction in Government funding. This was part of a package of wider reforms to the welfare system intended to improve the incentives to work and ensure resources are used more effectively, so reducing unemployment and ending a culture of benefit dependency. Local authorities are required by law to maintain the levels of support offered to pensioner households, meaning that a pensioner household can receive CTS equal to 100% of their council tax liability. However, local authorities are able to amend their local scheme for working-age households. In the majority of local authorities, this has meant that the reductions in government funding when CTB was localised were passed on to working-age households, and many people saw their level of CTS entitlement reduce. In financial year 2013/14 SRBC introduced a 'minimum payment' which for 2018/19 is £3.50/week, therefore every working age household in receipt of CTS must pay at least this amount of their council tax bill.
- 5.2 The collection rates for SRBC have not been adversely affected by the Council Tax Support scheme. The table below illustrates that collection rates both prior to and post April 2013 have remained consistently high.

Financial Year	Collection Rate %
2011/12	97.4
2012/13	97.5
2013/14	97.4
2014/15	97.4
2015/16	97.2
2016/17	97.4
2017/18	97.5

The total enforcement numbers for 2018/19 is 1,109 with 1,079 of these relating to unpaid Council Tax. As part of our current policies and practices we continually inform and allow the customer to contact the council to discuss possible repayment arrangements at our various recovery stages. Before any enforcement action is considered, we individually review each case to seek alternative solutions for recovery before issuing the case to our enforcement agents. Only if no other method is available or no contact is made by the customer, would the case be issued.

- 5.3 At the Full Council meeting on 28th February 2018, members expressed a desire for changes to be made to the working age scheme. There was, and still is, concern that the current £3.50 per week minimum payment is unaffordable for some.
- 5.4 A report was presented to Cabinet on the 23 January 2019 updating Cabinet on the work to date on the CTS scheme and a recommendation to continue with the current scheme during financial year 2019/20, with any revised scheme implemented in financial year 2020/21.

6. PROPOSALS

Scheme Modelling

- 6.1 In July 2018, residents started to migrate onto Universal Credit (UC), as and when changes in circumstances are reported. The roll-out of full service UC will impact the CTS scheme. The nature of UC means that a CTS scheme will be administratively burdensome, create additional costs, potentially reduce collection rates and confuse residents. A UC award can change on a

monthly basis. This will require reassessment and new billing information on a monthly basis in response even if the change to income is minimal. This will have a direct impact on work levels, staff time, postage etc. UC is still in the process of being rolled out so there is limited benchmarking data available. Anecdotal information suggests that 40% of CTS UC full service claimants currently receive between 8 and 12 bills a year. UC processing information is sent to the Local Authority every day by the Department for Work and Pensions (DWP). The changing picture due to UC can be illustrated by the increase in volumes of UC records being sent by the DWP as shown below.

Month/year	Quantity	Month/year	Quantity	% increase
October 2017	311	October 2018	1383	445%
November 2017	328	November 2018	1475	450%
December 2017	330	December 2018	1180	358%

- 6.2 On the 29th October 2018 the Chancellor delivered the 2018 Budget. Within the announcement the Chancellor indicated a number of changes to UC. These included changes to the amount that households with children, and people with disabilities can earn before their Universal Credit award begins to be withdrawn, the Work Allowance will be increased by £1,000 from April 2019. This means that 2.4 million households will keep an extra £630 of income each year. The Government also announced an extensive package of extra support for claimants as they make the transition to Universal Credit. The Secretary of State for Social Security has announced a further delay in the migration of Housing Benefit to Universal Credit.
- 6.3 Following the above budget announcements and the need to review the potential impact of these changes in relation to any local scheme that might be implemented, we commissioned further remodelling of the current scheme and alternative scheme options. Full details are as outlined in **Appendix 1** to this report. The rationale behind the analysis is to identify CTS scheme options, and consult upon the adoption of the said options. It is also noted that any new scheme should address member dissatisfaction with the elements of the current scheme, and the potential administrative burden due to the rollout of Universal Credit.
- 6.4 The current scheme and alternative options are highlighted below:
- Option 1: Maintaining the current scheme with £3.50 per week minimum payment.
- Intended to be revenue neutral
 - Would not address the administrative burdens of UC
 - Would not address Member concerns regarding a minimum payment for all
- Option 2: Income Banded scheme with 100% maximum support (for lowest income band)
- Would not be revenue neutral
 - Would have the potential to address administrative burdens
 - Would address Member concerns regarding a minimum payment
- Option 3: Current scheme with no minimum payment (removal of £3.50 charge)
- Would not be revenue neutral
 - Would not address administrative burdens of UC
 - Would address Member concerns regarding a minimum payment
- Option 4: Prior to remodelling the income banded scheme had been designed and modelled with maximum 85% support for the lowest income band.
- Was intended to be revenue neutral
 - Would have the potential to address the administrative burdens of UC
 - Would partially address Member concerns regarding a charge

Hardship Funds

- 6.5 To offer additional support to those who find themselves in hardship the authority is able to offer a number of additional measures.
- Discretionary Housing Payments (DHP's):

The Discretionary Housing Payment can provide assistance with rent costs. DHP's are funded by Central Government. DHP's are for Housing Benefit and the Housing costs element of Universal Credit.

- Exceptional Hardship Payments (EHP's):
Exceptional Hardship Payments, are designed to assist with Council Tax Support shortfall. EHP's are not funded by Central Government, they are linked to the collection fund so costs are met by SRBC and preceptors.
- Personal Budgeting Support (PBS)
Personal Budgeting Support offers advice on how to manage day to day budgeting.

An Exceptional Hardship Policy has been created by the Council to assist applicants for Council Tax Support who are facing hardship. This is to provide further assistance where an applicant is in receipt of Council Tax Support, but the level of support does not meet their full Council Tax liability. This support is available to any applicant in receipt of Council Tax Support. Applications are made in writing by completion of a short form. To receive an award claimants need to demonstrate that they do not have enough income to pay a council tax charge after taking into account all reasonable expenditure. It has been recognised that take up for EHP's is low and there is a requirement to raise awareness and increase take up for those who need it. In 2017/18 £2840.74 was awarded in Exceptional Hardship Payments. To date for 2018/19 we have awarded £2883.94. However it should be noted that some provision for council tax shortfalls are taken into account when considering Discretionary Housing Payments.

- 6.6 In light of the above, the proposal is to adopt a more proactive approach to the publicising of all schemes and increase support to strengthen the scheme currently known as the Exceptional Hardship Fund. The scheme is to be renamed Local Support Fund. We intend to ensure that all CTS claimants are proactively targeted. A variety of mechanisms will be used to achieve this including, utilising digital platforms, setting up online messages on our website which would also be publicised via our social media channels. A leaflet has been prepared to be sent to all CTS claimants as part of the annual billing process, a copy of which is included with this report as **Appendix 2**.
- 6.7 As at the date of this report around 5,808 (11.7%) households out of 49,470 in the borough receive this support, this is at a cost of £5,012,526 of which £611,528 is South Ribble's share. Of those benefitting 3,021 households (6.1%) are working age and 2,787 (5.6%) are pensioners (who continue to qualify for rebates of up to 100%). At this point we do not have the analytical data to understand the spread of these claimants across wards or other demographic information. Some initial work has been carried out to identify the profile of Council Tax Support claimants by ward. This data has been included with this report. Further work is needed to obtain a more accurate breakdown and a working age/pension age split. Cabinet is asked to note that work is ongoing to provide this data.
- 6.8 As a Council we are keen to support customers to avoid getting into difficulties with Council Tax. This reflects our desire to focus on prevention and the health and wellbeing of our residents. Further where possible the Council will follow the 6 steps for Local Authorities good practice guide produced by the Money Advice Trust. A summary of our action to date is provided below:
- *Make a clear public commitment to reduce the use of bailiffs over time*
We are continually reviewing all options open for recovery and have introduced additional steps in our own recovery processes. The numbers of other recovery actions may have increased and enforcement agent numbers may have seen a decrease, but we cannot commit to continue this decrease. If other methods have been exhausted then enforcement action will still be necessary to collect any outstanding monies.
 - *Review signposting to free debt advice, including phone/online channels*
Debt advice information is included on the recovery documentation that is sent out to customers and reviewed regularly for accuracy and relevance. Information is also freely available on our website.

- *Adopt the Standard Financial Statement (SFS) to objectively assess affordability*

The financial form that we use to ask customers about their financial circumstances is more detailed than the recommended SFS. We also signpost customers to the personal budgeting service that is provided within Gateway.

- *Put in place a formal policy covering residents in vulnerable circumstances*

Vulnerability and awareness of vulnerability has been included in the amended debt recovery policy and our enforcement agents also have extensive policies and practices around vulnerability issues (included within the Taking Control of Goods Act/National Standards 2014).

- *Exempt Council Tax Support (CTS) recipients from bailiff action (England only)*

This would require a change to the Council current Policy. As referred to in the first bullet point above a number of other recovery procedures are used including payment arrangements, attachment of benefit/universal credit, and attachment of earnings.

- *Sign the Council Tax Protocol and examine the Money Advice Service toolkit for working with debt advice agencies*

The Council Tax protocol was agreed and signed in early 2018. Staff are fully aware of current information for debt advice agencies. 1-2-1 review meetings with the Citizens Advice and our enforcement agents are also regularly undertaken.

7. CONSULTATION REQUIREMENTS

- 7.1 Government have indicated a change to Local Government Financing to take effect from 2020/21 through a revised funding formula. The Council continues to engage in the consultation process for this significant financial change. These funding changes may further impact on the CTSS.
- 7.2 In relation to the adoption of a new or revised CTS scheme Public Consultation is a statutory requirement within the localisation of Council Tax Support. Any consultation must take place with major preceptors and residents. This consultation exercise is to be carried out once scheme options have been identified.

Government guidance is that consultation with residents and any other interested persons should preferably be for a 12 week period. Major preceptors must also be part of this consultation exercise.

The LGFA 1992 (amended by 2012 Act) states for **new Council Tax Support schemes** the following:

Preparation of a scheme

3(1) Before making a scheme, the authority must (in the following order)

- consult any major precepting authority** which has power to issue a precept to it,
- publish a draft scheme in such manner as it thinks fit, and
- consult such other persons** as it considers are likely to have an interest in the operation of the scheme.

(2) The fact that this paragraph was not in force when any step described in sub-paragraph (1) was taken is to be disregarded in determining whether there has been compliance with that sub-paragraph.

(3) Having made a scheme, the authority must publish it in such manner as the authority thinks fit.

It also states that for a replacement scheme

Revisions to and replacement of scheme

5(1) For each financial year, each billing authority must consider whether to revise its scheme or to replace it with another scheme.

(2)The authority must make any revision to its scheme, or any replacement scheme, no later than 11th March in the financial year preceding that for which the revision or replacement scheme is to have effect.

(3)The Secretary of State may by order amend sub-paragraph (2) by substituting a different date.

(4)If any revision to a scheme, or any replacement scheme, has the effect of reducing or removing a reduction to which any class of persons is entitled, the revision or replacement must include such transitional provision relating to that reduction or removal as the authority thinks fit.

(5)Paragraph 3 applies to an authority when revising a scheme as it applies to an authority when making a scheme.

(6)References in this Part to a scheme include a replacement scheme.

The LGA and Local Government Lawyer have published various advice papers on the subject of consultation, including a consultation checklist. The LGA does advise that consultation may not always be necessary e.g. where consultee comments will not add to the process, or a decision has been made and consultation would gain nothing further. As the South Ribble scheme has remained unchanged since April 2013, there has been no further annual consultation carried out since the original consultation exercise of 2012.

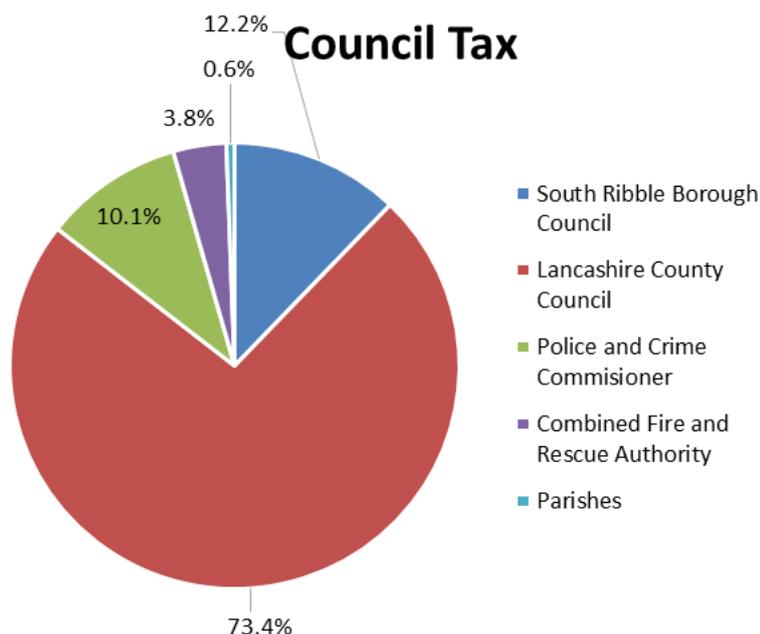
- 7.3 Detailed proposals regarding consultation including process, methodology and timetable will be presented to Cabinet and Council during the first quarter of 2019/20.

8. FINANCIAL IMPLICATIONS

- 8.1 The financial implications of the 4 options are considered in terms of scheme costs (i.e. amount of Council Tax Discount) in the body of the report. Compared to the current scheme, removal of the £3.50/week minimum payment and removal of a minimum deduction for those in the lowest band under the banded scheme would both increase the cost to the Council

Please note that as set out in the modelling documentation, the cost implications are based on a set of assumptions at this point in time in relation to council tax increases, the anticipated level of migration to Universal Credit, changes in National Living Wage and taxation. They are therefore indicative and form part of the overall potential implications of each option, both on the Council and claimants.

- 8.2 The net financial impact for South Ribble Borough Council and any preceptors as a result of potential changes is as apportioned below. Figures quoted are for the financial year 2018/19.



Therefore the cost implications of each option will impact on the preceptors, LCC in particular.

For illustrative purposes, based on the apportionment for 2019/20 (assumed as being as for 2018/19). The Income Banded Scheme with 100% maximum support (option 2) and Current Scheme with No Minimum Payment (option 3) would result in a forecast loss of council tax income in 2019/20 as follows:

	Option 1 £'000	Option 2 £'000	Option 3 £'000	Option 4 £'000
South Ribble		59	59	
Lancashire County Council		338	338	
Police and Crime Commissioner	Broadly cost neutral	46	46	Broadly cost neutral
Combined Fire and Rescue Authority		17	17	
Indicative Cost / (Saving)		460	460	

- 8.3 Indicative costs for the necessary software for a Banded Scheme are a charge of approx. £28,250 for the licence, £2,600 consultancy and an annual maintenance charge of £5,250. DWP provided funding in 2018/19 to support Universal Credit implementation in the sum of £39,304 which would assist with the cost of any required software. Further funding moving forwards is unknown at this stage.

9. LEGAL IMPLICATIONS

- 9.1 The Council is under a legal duty by virtue of Schedule 1A to the Local Government Finance Act 1992 to consider each year whether to revise its council tax reduction scheme or to replace it with another scheme. Schedule 1A also provides that any revision to the scheme, or any replacement scheme must be made no later than 11 March in the financial year preceding that for which the revision or replacement scheme is to have effect. The Council has a legal duty to review its CTS every year and to consult on any proposed changes. If members wish to adopt a revised or replacement scheme for 2020/21, then, as set out in this report, government guidance provides for a consultation period of 12 weeks to allow for all those affected with an opportunity to comment. If changes are made without the process being followed, there is a risk of the scheme being challenged by Judicial Review.

10. HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT IMPLICATIONS

- 10.1 It is not envisaged that there will be any requirement for changes to staffing levels at this stage. The Leadership Team will keep this under review and any training requirements will be resourced and met internally.

11. ICT/TECHNOLOGY IMPLICATIONS

- 11.1 It will be necessary to procure any required additional Capita modules, which will require installation and testing, together with end user training.

12. PROPERTY AND ASSET MANAGEMENT IMPLICATIONS

- 12.1 There are no known implications for the physical estate.

13. RISK MANAGEMENT

- 13.1 There are no known residual risks at the time of writing this report. Nevertheless the GRACE Risk Management System has been updated to highlight the risks associated with this report and proposals therein.

14. EQUALITY AND DIVERSITY IMPACT

- 14.1 A full Equality Impact Assessment (EIA) was carried out in January 2013 in relation to the scheme introduced in April 2013. A further EIA will be required for any proposed new CTS scheme.

15. RELEVANT DIRECTORS RECOMMENDATIONS

- 15.1 That the Cabinet notes the recent Government budget announcements and the remodelling work carried out to inform the formal consultation required to adopt a revised Council Tax Support scheme for 2020/2021.
- 15.2 That the Cabinet notes the proposed work to proactively promote the hardship funds.

16. COMMENTS OF THE STATUTORY FINANCE OFFICER

- 16.1 The changes to the CTSS are reliant upon an appropriate consultation which will commence on approval of options. The Council will identify options and consult accordingly.

17. COMMENTS OF THE MONITORING OFFICER

- 17.1 Please see the legal Implications set out above. Whatever is ultimately decided in this regard we must ensure that we first go through a robust consultation exercise with regard to the relevant proposals whilst this has been something of a drawn out process it is imperative that we come up with a solution that is as equitable and efficient as possible.

BACKGROUND DOCUMENTS

APPENDICES

Appendix 1 Scheme Modelling Options

Appendix 2 Draft Local Support Fund Leaflets

Report Author:	Telephone:	Date:
Paul Hussey	01772 (62) 5522	13 th February 2019

**SOUTH RIBBLE BOROUGH COUNCIL
COUNCIL TAX REDUCTION SCHEME MODELLING**



25 JANUARY 2019

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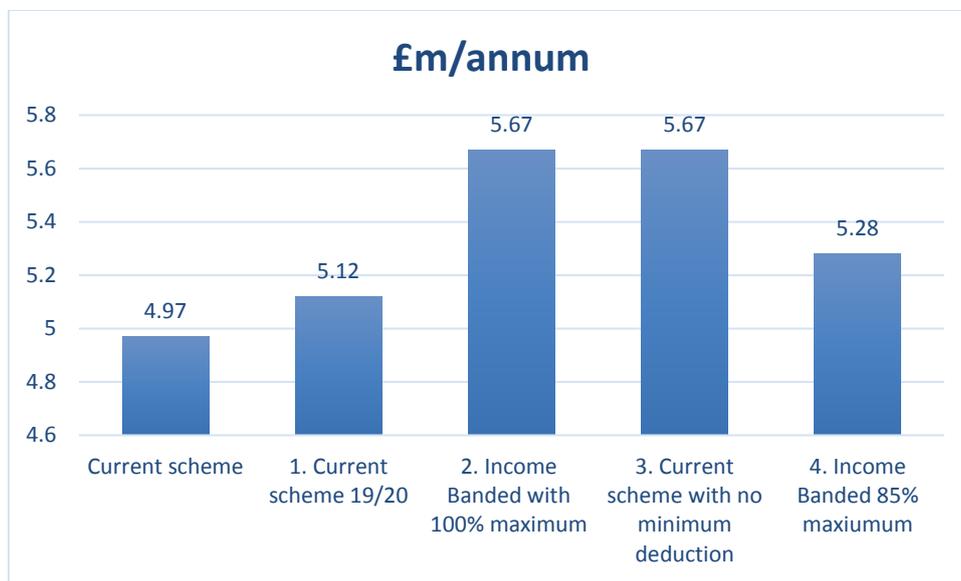
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EXECUTIVE SUMMARY

This report presents the findings that result from modelling two further council tax support schemes on behalf of South Ribble Borough Council for consideration to consult upon in 2019/20..

Policy in Practice had already modelled, and reported on, four different council tax support schemes for South Ribble Borough Council. These initial models were used to examine scheme options and to enable members to decide on schemes for consultation. Following announcements by Central Government in the Autumn Budget regarding Universal Credit, the council decided to make amendments to two of the options in order to take account of those changes. In addition, the council wished to use the most up to date data available to reflect caseload and spend for 2019/20.

The figure below shows the annual cost of the current scheme, the current scheme updated to 2019/20, one of the initial schemes modelled and two further options.



Cost of schemes and all models

Cost of current scheme, current scheme updated to 2019/20, and all models, £M/annum

Option 1 is the current scheme costed for 2019/20 retaining the £3.50 per week minimum deduction for working age claimants.

Option 2 is an income-banded scheme which varies by household composition. Based on weekly income and household type, households are sorted into bands with corresponding award levels. This banded option has a 100% maximum award for the lowest income band.

Option 3 is based on the current scheme. The only change has been to remove the £3.50 weekly minimum payment which claimants are expected to contribute towards their liability.

Appendix 1

Option 4 is the original modelled income-banded scheme which varies by household composition. Based on weekly income and household, households are sorted into bands with corresponding award levels. This banded option has a maximum award of 85% for the lowest income band. Details of this original banding work are included at the end of this report.

Appendix 1

Key Findings

Option 2 Income Banded Scheme with 100% maximum award for lowest income band

This model would cost £5.7M per annum. This is £0.7M more than the current cost (2018/19) and £0.5M more than the cost of retaining the current scheme into 2019/20.

The caseload would reduce by 215 households.

175 households (5.8% of the caseload) would lose more than £5 per week, while 361 households (12.0%) would gain over £5 per week.

Compared to retention of the current scheme, couples gain the least. Couples with children would see a slight reduction in support of 0.9%, while couples with no children would see an increase of 4.6%. In comparison, single and lone parent households would see an increased award, of 20.4% and 29.5% respectively.

Self-employed households would see the greatest reduction in award, of 49.6%. This is due to the application of the Minimum Income Floor to both those in receipt of Universal Credit and those remaining in the legacy benefit system.

Option 3 Current Scheme with no minimum payment (removal of £3.50 charge)

This model would cost £5.67M. This is £0.79M more than current scheme costs (2018/19) and £0.6M more than retaining the current scheme in 2019/20.

The caseload would not reduce. However, some households who are currently excluded by the £3.50 per week minimum payment may become eligible for an award of up to £3.50 per week.

We are not able to accurately calculate the number of households who would gain eligibility due to lack of visibility.

43 households (1.4%) would lose more than £5 per week, when compared to the current scheme. This is due to increases in the National Minimum Wage, which would increase household income and so reduce the award.

107 households would gain over £5 per week. This is 3.6% of the working-age caseload.

Compared to retention of the current scheme in 2019/20, employed households would gain 38.0% on average. This is higher than self-employed (24.9%) and out-of-work (20.5%) households.

1.0 COMPARISON OF MODELS

	Option 2 Income-banded scheme	Option 3 Current scheme with no minimum payment
Cost	<p>This model costs £5.7M.</p> <p>This is £0.70M more than the current cost (2018/19) and £0.46M more than the cost of retaining the current scheme into 2019/20.</p>	<p>This model costs £5.67M.</p> <p>This is £0.79M more than current scheme costs (2018/19) and £0.55M more than retaining the current scheme in 2019/20.</p>
Administration	<p>Increases to administrative costs as more households move to Universal Credit would be tempered by this scheme, as re-assessments would be required only when income crosses bands.</p>	<p>Administrative costs are likely to increase as more households migrate to Universal Credit due to the increase in expected reassessments of due to income changes.</p>
Claim numbers	<p>215 households lose support altogether. This is 7.1% of the current working-age caseload.</p>	<p>No households would lose eligibility, though some would likely gain due to the removal of the minimum payment.</p>
Political and social impact	<p>175 households would lose over £5 per week. This is 5.8% of the current working-age caseload.</p> <p>361 households (12.0%) gain more than £5/week.</p> <p>This model supports vulnerable households such as those living with disability, carers and those on ESA.</p>	<p>43 households would lose more than £5/week, this is 1.4% of the current working age caseload.</p> <p>107 households (3.6%) would gain more than £5/week.</p> <p>This model supports vulnerable households such as those living with disability, carers and those on ESA.</p>
Distributional impact	<p>Average change in support is 23.7%. Groups that lose are:</p> <ul style="list-style-type: none"> • Self-employed households (-49.6%) • CT bands E and above (-30.2%) • Couples with children (-0.9%) 	<p>Average change in support is 27.6%. Groups that gain most are:</p> <ul style="list-style-type: none"> • Employed households (38.0%) • Self-employed households (25.1%) • Lone parents (25.7%)

Appendix 1

Comparison of weekly support (£/week)

Comparison of council tax support (£/week)				
	Current scheme 2018/19	Current scheme in 2019/20	Option 2	Option 3
All working age	£14.77	£15.45	£18.28	£18.95
Legacy benefits	£14.77	£15.67	£18.20	£19.17
Universal Credit	N/A	£14.12	£18.74	£17.62
Band				
A	£13.32	£13.97	£17.30	£17.47
B	£15.43	£15.96	£19.03	£19.46
C	£16.91	£17.40	£19.82	£20.90
D	£20.84	£20.97	£22.10	£24.47
EFGH	£24.79	£25.46	£17.78	£28.96
Tenure type				
Private tenant	£6.85	£14.25	£17.09	£17.75
HA tenant	£14.58	£17.25	£18.47	£18.78
Owner occupier	£8.11	£16.57	£19.09	£20.07
Household type				
Single	£14.34	£15.14	£18.22	£18.64
Lone Parent	£13.34	£13.62	£17.64	£17.12
Couple no children	£20.60	£21.31	£22.29	£24.81
Couple with children	£17.77	£18.35	£18.18	£21.85

Appendix 1

Economic status				
Employed	£9.86	£9.22	£12.86	£12.72
Self-employed	£14.59	£14.07	£7.09	£17.57
Out-of-work benefits	£16.13	£17.12	£20.55	£20.62
Barriers to work				
Lone parents with child u5	£13.95	£14.33	£17.75	£17.83
ESA	£16.47	£17.38	£20.44	£20.88
DLA/PIP	£15.92	£16.64	£18.98	£20.14
Carers	£18.64	£19.58	£22.04	£23.08

Appendix 1

Comparison of take-home income (£/month)

Comparison of take home income (£/month)				
	Current scheme 2018/19	Current scheme in 2019/20	Option 2	Option 3
All working age	£1,495.41	£1,504.18	£1,583.68	£1,586.24
Legacy benefits	£1,495.41	£1,513.97	£1,592.85	£1,597.02
Universal Credit	N/A	£1,447.30	£1,527.76	£1,520.50
Band				
A	£1,385.95	£1,393.53	£1,468.48	£1,469.21
B	£1,602.61	£1,612.90	£1,695.35	£1,697.21
C	£1,645.46	£1,655.03	£1,740.90	£1,745.57
D	£1,714.88	£1,743.35	£1,839.13	£1,849.38
EFGH	£1,559.71	£1,554.80	£1,631.83	£1,680.27
Tenure type				
Private tenant	£1,712.27	£1,718.55	£1,792.61	£1,795.46
HA tenant	£1,521.99	£1,518.61	£1,598.63	£1,599.97
Owner occupier	£1,228.59	£1,263.84	£1,346.54	£1,350.81
Household type				
Single	£1,123.27	£1,121.62	£1,200.58	£1,202.38
Lone Parent	£1,747.41	£1,769.19	£1,845.62	£1,843.36
Couple no children	£1,408.04	£1,414.01	£1,510.61	£1,521.52
Couple with children	£2,218.35	£2,230.15	£2,308.95	£2,324.84

Appendix 1

Economic status				
Employed	£1,894.27	£1,932.10	£1,987.82	£1,987.20
Self-employed	£1,628.79	£1,605.68	£1,636.39	£1,681.80
Out-of-work benefits	£1,376.62	£1,380.07	£1,469.13	£1,469.41
Barriers to work				
Lone parents with child u5	£1,756.08	£1,784.36	£1,861.28	£1,861.60
ESA	£1,497.80	£1,491.05	£1,579.63	£1,581.51
DLA/PIP	£1,801.61	£1,192.36	£1,274.61	£1,279.62
Carers	£1,888.69	£1,884.00	£1,979.51	£1,984.02

2.0 INTRODUCTION

2.1 Background and Objectives

South Ribble Borough Council is looking at replacing its current Council Tax Reduction Scheme in 2020/21.

Policy in Practice had already modelled, and reported on, four different council tax support schemes for South Ribble Borough Council. These initial models were used to examine scheme options and to enable members to decide on schemes for consultation. Following announcements by Central Government in the Autumn Budget regarding Universal Credit, the council decided to make amendments to two of the models in order to take account those changes. In addition, the council wished to use the most up to date data available to reflect caseload and spend for 2019/20.

This report provides the results of modelling Options 2 and 3

- Option 2 is an income-banded scheme, based on household composition.
- Option 3 is based on the current scheme, with the £3.50 per week minimum CT payment removed.

Option 4 was one of the original models considered in an earlier report and the details are included in this report for comparison purposes.

2.2 Methodology & Approach

Modelling is at the household level. Household data on current claimants was supplied to Policy in Practice in the form of an extract with personal data excluded. This data is converted to a format that can be used by their software, The Universal Benefits and Budgeting Calculator (UBBC). The calculation engine enables global changes in benefit formulations, and modelled changes to be applied to each household within the dataset. These are then summed up to arrive at the aggregate cost and impacts of each scheme.

To enable comparison of modelled schemes against the current scheme in 2019/20, an agreed annual increase in council tax has been included. The rate of council tax increase used is 5%.

An agreed level of migration to Universal Credit is also included. Modelling will include a migration of 15% of claimants to Universal Credit by 2019/20. This migration level has been agreed with the council and is in line with the rates of migration observed in full-service Jobcentre Plus areas.

For each model, the following impacts are shown:

- Social impact compares support to current levels in order to inform monetary loss and gain of support.

Appendix 1

- Distributional impact provides a comparison to retention of the current scheme in the year that is being modelled. This informs an understanding of those groups that would gain or lose support if the model were to be adopted. This takes account of changes in the National Living Wage and personal tax allowances, Council Tax increases and Universal Credit migration.

Initial data analysis of the current scheme and the current scheme in 2019/20 have been undertaken for comparative purposes.

2.3 Current scheme

In 2018/19, 5,814 households received council tax support in South Ribble. Changes in council tax support will only affect the 3,011 working-age households. The 2,803 pension-age households will continue to be provided with maximum protection offered by the default council tax support scheme.

Cost of current scheme by age group			
Age group	Number of households	CTR (£/annum)	CTR (£/week)
All working age	3,011	£2,312,752	£14.77
Pension age	2,803	£2,655,275	£18.22
Total	5,814	£4,968,027	£16.43

The average council tax support for working-age households in 2018/19 is £14.77/week. Pension-age households receive an average £18.22 per week.

3.0 MAINTAINING CURRENT SCHEME INTO 2019/20

If the current scheme were retained into 2019/20, the number of working-age households receiving council tax support would remain similar to 2018/19 with only 44 households losing support.

Maintaining the current scheme into 2019/20 would increase costs from £5.0M in 2018/19 to £5.2M in 2019/20. This is an increase in cost of £0.2M or 4.9%. As South Ribble will change the non-dependent deductions in line with those prescribed for the pension-aged scheme in 2019, the cost of the current scheme in 2019/20 will be £5.12M**

Annual CTR in current-uprated scheme into 2019/20		Annual CTR in current-uprated scheme, compared to current scheme	
Group	£/annum	Change (£/annum)	Change (%)
All working age	£2,402,791	£106,107	4.6%
Pension age	£2,806,334	£151,059	5.7%
Total	**£5,225,193	£257,166	5.2%

Maintaining current system into 2019/20: Annual cost

Costs would increase by 5.7% for pension age households and 4.6% for working-age households.

Average weekly support for working-age households in 2019/20 is £0.68/week more than current levels. Households in receipt of legacy benefits see a 6.0% rise in support (£0.89/week) whilst those in receipt of Universal Credit see a 4.3% decrease (£0.64/week). The decrease for households moving to Universal Credit is due to the increased retention of earnings and changes in the assessment procedure for households in receipt of Universal Credit.

In comparison, support for pension-age households is likely to increase by £1.04/week (5.7%).

Appendix 1

Average weekly CTR awarded in current-uprated scheme, compared to current scheme			
Group	Uprated current scheme (£/week)	Change (£/week)	Change (%)
All working age	£15.45	£0.68	4.6%
UC Legacy benefits	£14.12	-£0.64	-4.3%
	£15.67	£0.89	6.0%
Pension age	£19.25	£1.04	5.7%
Total	£17.28	£0.85	5.2%

Maintaining current system into 2019/20: weekly support levels

Social and Political Impact of maintaining the current scheme into 2019/20

If the current scheme were maintained into 2019/20, working-age households would see a slight increase in support of 4.6%. This takes account of the council tax increases between 2018/19 and 2019/20 (5%) and so represents a small real reduction in average support. In general, a reduction in support is expected due to the increase in the minimum wage, and lower council tax support under Universal Credit. This is particularly the case for the self-employed where the minimum income floor is applied.

Two groups in receipt of Universal Credit will be particularly negatively affected. These are working households and those in receipt of DLA/PIP and working.

Households in employment

Working households in receipt of Universal Credit (424 households) will receive lower council tax support. This reflects the increased income through rises in the National Living Wage and the retention of a higher proportion of earnings under Universal Credit. The retention of 37% of earnings under Universal Credit means that no employed households will have income for assessment below maximum Universal Credit and so receive maximum support. Many of these low-earning households would have received maximum support under legacy benefits. Although this group will see lower council tax support, this may be balanced by higher earnings for a large proportion of this group. Many will therefore see household income remain roughly the same.

By 2019/20, the average employed household migrating to Universal Credit (424 households) would receive £6.78/week in council tax support, a 35.8% reduction. Employed households in receipt of legacy benefits in 2019/20 will receive £10.21/week on average.

Appendix 1

Self-employed households moving to Universal Credit (21 households) will lose 69.6% support, with average council tax support reduced to £3.87/week. In comparison, those remaining in receipt of legacy benefits support rises by 7.5% to £16.00/week.

Households with children are more likely to be in work than households without children. The loss of support for working households in receipt of Universal Credit will therefore have an impact on families. Couples with children who claim UC lose 7.3% support and lone parents 7.7% support.

Households in receipt of disability benefits and working

Households in receipt of disability benefits and working will face a reduction in council tax support due to the higher retention of earnings under Universal Credit, which, unlike other employed households in receipt of Universal Credit, may not be balanced by a greater take-home income. This is because, under Universal Credit, additions to reflect costs of disability are removed (disability premiums), meaning that these households' take-home income is typically lower than under the current system.

Effectively, the few households working and in receipt of disability benefits are hit twice by a reduction in council tax support and a reduction in take-home income overall. If the current scheme is retained through to 2019/20, these households will face a reduction in weekly council tax support of 4.0%. Non-working disabled households in receipt of Universal Credit will be protected, as they will still receive maximum support. This is shown in the graph below.

4.0 OPTION 2: INCOME-BANDED SCHEME WITH 100% MAXIMUM SUPPORT

Option 2 is an income-banded scheme, with increased awards for those in the most generous band.

Depending on both weekly income and household type, households will be sorted into the following income bands:

Weekly income	% discount		
	Single person	Couple no children	Families with children
£0 – £100 & passported/max UC)	100%	100%	100%
£100 - £150	75%	75%	85%
£150 - £200	Nil	65%	85%
£200 - £300	Nil	Nil	75%
£300 - £400	Nil	Nil	65%

Characteristics:

- Households in receipt of passported legacy benefits or maximum Universal Credit are automatically sorted into the highest support band,
- The Minimum Income Floor applies to all households who have been self-employed for over 12 months. The Minimum Income Floor applies an assumed level of income to those who report low earnings,
- The savings limit is reduced to £6,000 (from £16,000),
- A band cap is introduced at the liability of a band D property, meaning households in a property banded E or higher will have their support calculated on that of a band D property,
- Flat-rate non-dependent deductions have been set at £5/week for those not in work and £10/week for those who are working.

Appendix 1

4.1 Cost

Annual Cost

Group	Option 2 cost	Comparison to cost of current scheme		Comparison to uprated current scheme cost	
	£/annum	Change (£/annum)	Change (%)	Change (£/annum)	Change (%)
All working age	£2,861,970	£549,218	23.7%	£443,111	18.2%
Pension age	£2,806,334	£151,059	5.7%	£0	0.0%
Total	£5,668,304	£700,277	14.1%	£443,111	8.5%

Option 2: Total cost of model (£/annum)

This model would cost £5,668,304 annually. This is £459,179 higher than projected costs of the current scheme in 2019/20. Costs for working-age households would be 23.7% higher than current costs.

Weekly council tax support

Group	Average household support	Comparison to cost of current scheme		Comparison to uprated current scheme cost	
	£/week	Change (£/week)	Change (%)	Change (£/week)	Change (%)
All working age	£18.28	£3.51	23.7%	£2.83	18.3%
<i>UC</i>	<i>£18.74</i>	<i>£3.98</i>	<i>27.0%</i>	<i>£4.62</i>	<i>32.7%</i>
<i>Legacy benefits</i>	<i>£18.20</i>	<i>£3.43</i>	<i>23.2%</i>	<i>£2.54</i>	<i>16.2%</i>
Pension age	£19.25	£1.04	5.7%	£0.00	0.0%
Total	£18.75	£2.32	14.1%	£1.47	8.5%

Option 2: Average weekly council tax support £/week

Under this model average support for working-age households would increase by £3.51/week (23.7%) from current support levels to £18.28/week.

Households in receipt of Universal Credit would see slightly higher support (£18.74/week) than those in receipt of legacy benefits (£18.20/week).

Appendix 1

Claim numbers

Under this model 215 households, 7% of the current working-age caseload, would no longer be eligible for support.

It should be noted that areas in which the roll-out of Universal Credit is more advanced, councils are experiencing a drop in council tax claims of about 10%. This is because of the claim process not highlighting the need to make an additional claim for council tax support. The DWP is intending to rectify this and so this reduction in claims may be short-term. South Ribble may wish to keep this under review.

4.2 Impact analysis

Households losing eligibility

215 households lose support altogether under this model, this is 7% of the caseload.

20.9% of couples with children would lose eligibility, compared to just 4.2% of lone parents. This is because high earners lose out under this model, and non-dependant deductions have increased. Couples with children are proportionally more likely to both work and to have non-dependants. Some of these households will currently receive low-level support. The combination of these two measures will take these households out of support altogether.

Lone parent households and lower earning couples with children are positively affected by the extra support to households with children under the model.

Households no longer eligible for Council Tax Support, by household type			
Household type	On legacy benefits	On UC	All working households
Single person	65	8	73
Lone parent	45	2	47
Couple no children	19	7	26
Couple with children	65	4	69
Total	194	21	215

Option 2: household likely to lose eligibility, by household type

Only 27 households in receipt of out-of-work benefits lose all support and this is likely to be due to the change to non-dependant deductions under this model. This compares to 188 working households (16.3% of all employed households and 55.7% of all self-employed households) who would lose all support.

Appendix 1

Households no longer eligible for Council Tax Support, by economic status			
Economic status	On legacy benefits	On UC	All working households
Employed	88	12	100
Self-employed	80	8	88
On out of work benefits	26	1	27
Total	194	21	215

Households losing more than £5/week

175 households lose more than £5/week, or 5.8% of the working-age caseload. The likelihood of losing more than £5/week is greater for those in higher council tax bands and self-employed households in receipt of Universal Credit.

Households in properties in CT bands E and above are affected by the introduction of a band cap at Band D. 50% of households in receipt of Universal Credit in bands E and above will lose more than £5/week compared to just 2% in Band A

Self-employed households are also highly likely to lose this amount due to the introduction of the Minimum Income Floor for both Universal Credit and legacy benefit claimants.

Larger households are more likely to lose more than £5/week. This is due to greater likelihood of employment in households with children, as well as higher earned income for couples, and higher nondependent deductions for households in properties falling into higher council tax bands.

Households gaining £5/week

361 households (12.0% of the working age caseload) would gain over £5/week. These are primarily low earning households with children who are in receipt of Universal Credit.

25.5% of lone parents in receipt of Universal Credit would gain over £5/week.

Households with barriers to work

Under Option 2, households with barriers to work benefit:

Households in receipt of disability benefits (DLA/PIP) see average support increase from £15.83 to £18.98.

Households in which somebody is a carer, see average support levels rise from £18.64 to £22.04.

Households in which somebody is too ill to work (i.e. in receipt of ESA or the equivalent) see support levels fall rise on average from £16.47 to £20.44.

4.3 Distributional impact

This section examines the groups that would be better or worse off compared to retaining the current system into 2019/20.

Council tax band

Households in council tax band E or above would lose 35.2% of their average award under Option 2. This is due to the band D cap, which means that those in higher bands would have their award calculated on the liability of a band D property.

All other council tax bands would gain on average. Band A households would gain the most on average, 23.5%.

Tenure

This model benefits tenants more than owner-occupiers. Social tenants are particularly benefited, seeing an increase in support of 21.1% compared to retention of the current scheme into 2019/20.

Household composition

Households with greater likelihood of work will benefit the least under this model. These are households made up of a couple, with or without children. Couples with children would lose 0.9% of their average support.

Lone parents would see the greatest gains, 26.7%. Although lone parents have a high rate of earnings, this is offset by the higher income thresholds for households with children. This measure benefits couples with children to a lesser extent due to higher combined earnings than lone parents.

Economic status

Employed households would gain the most under this model, 33.4%. This is because each income-band captures a wide set of earning households, whereas the current system tapers income exactly. As with most income-banded schemes, low-income employed households' benefit, while higher earners lose support.

Households in receipt of out-of-work benefits would also gain (20.1%). Many of these households would fall into the most generous band.

Self-employed households would lose substantial support, 51.1%. This is due to the introduction of the Minimum Income Floor to all self-employed households, including those in receipt of legacy benefits.

Benefit system

This model has a more positive impact on households in receipt of Universal Credit than those in receipt of legacy benefits. Universal Credit claimants would gain an average 32.7%, compared to 16.2% for legacy benefit claimants.

Households in receipt of Universal Credit would also have a slightly higher average award (£18.74) compared to those in receipt of legacy benefits (£18.20).

Barriers to work

The model supports households with barriers to work:

- Households in receipt of DLA or ESA see support increase by 14.09%,
- Households in which someone is a carer see support increase by 12.56%.

5.0 OPTION 3: CURRENT SCHEME WITH NO MINIMUM PAYMENT

Option 3 is based on the default scheme but with the following amendments:

- The £3.50 weekly minimum payment has been removed, which means each household is assessed with a 100% maximum support level
- Standard earnings disregards are applied to all those in receipt of both legacy benefits and Universal Credit.

The rest of the scheme remains the same:

- 15% of the cohort are randomly selected to migrate over to Universal Credit, as in the current uprated scheme and Option 2,
- Capital is assessed in line with the current uprated scheme for both UC and non-UC households.

5.1 Cost

Annual Cost

Group	Option 6 cost (£/annum)	Comparison to current scheme cost		Comparison to uprated current scheme cost	
		Change (£/annum)	Change (%)	Change (£/annum)	Change (%)
<i>All working age</i>	£2,966,861	£654,109	28.3%	£548,002	22.7%
<i>Pension age</i>	£2,806,334	£151,059	5.7%	£0	0.0%
Total	**£5,773,195	£805,168	16.2%	£548,002	10.5%

Option 3: Total cost of model (£/annum)

This model would cost £5.8M. This is £0.81M more than current scheme costs and £0.55M more than the current scheme in 2019/20 (10.5% increase). As South Ribble will uprate working-age non-dependent deductions in line with those prescribed for the pension-aged scheme in 2019/20, Option 3 would cost £5.68M **

It is not possible to accurately predict the increased caseload under this model, or the attached cost implications, due to lack of visibility of those who would gain eligibility for the first time. This includes owner-occupiers who are not held in the extract provided.

Appendix 1

Weekly council tax support

All households	Average household support (£/week)	Comparison to current scheme cost		Comparison to uprated current scheme cost	
		Change (£/week)	Change (%)	Change (£/week)	Change (%)
All working age	£18.95	£4.18	28.3%	£3.50	22.7%
<i>UC</i>	£17.62	£2.86	19.4%	£3.50	24.8%
<i>Legacy benefits</i>	£19.17	£4.39	29.7%	£3.50	22.4%
Pension age	£19.25	£1.04	5.7%	£0.00	0.0%
Total	£19.10	£2.66	16.2%	£1.81	10.5%

Under this model average support for working-age households would increase by £4.18 (28.3%) from current support levels to £18.95/week. This is £3.50/week higher than the current uprated average, due to the removal of the minimum payment.

Households in receipt of Universal Credit receive lower support (£17.62/week) than those in receipt of legacy benefits (£19.17/week).

Claim numbers

Under this model the caseload would not reduce. There would be an increase of claimants eligible for small awards (up to £3.50 per week) due to the removal of the minimum payment.

However, this increase cannot be calculated using the current datasets. Owner-occupiers who would gain eligibility are not visible in either the SHBE or the CTR datasets. All but 7 cases held only in the SHBE dataset sent to Policy in Practice did not include their housing benefit award or rent, which makes modelling their potential eligibility impossible.

5.2 Impact analysis

Households losing eligibility

No households would lose eligibility.

Households losing more than £5/week

43 households lose more than £5/week compared to the current scheme in 2018/19. This is 1.4% of the current working-age caseload. This is due to uprating changes to 2019/20, rather than scheme change.

Households gaining £5/week

107 households (3.6%) gain more than £5/week when compared to the current scheme in 2018/19. This is also influenced by uprating changes, along with the extra £3.50 per week awarded to each household.

5.3 Distributional impact

This section examines the groups that would be better or worse off under Option 3 in comparison with retaining the current system into 2019/20.

The main groups that would gain significantly compared to retention of the current model are:

- Employed households (38.0%)
- Lone parents (25.7%)
- CT band A (25.1%)
- Households with a child under 5 (24.4 %.)

Council Tax bands

Households in lower council tax bands gain proportionally more than those in higher bands. Band A households would gain 25.1% on average, compared to just 13.8% among households in bands E and above. This is because the £3.50 weekly amount makes up a larger proportion of a band A CT liability than that of a band E.

Tenure

This model affects tenants more than owner occupiers. Private tenants would benefit in particular, with an average 24.6% increase.

Household composition

Single adult households would gain the most under this model. Lone parents would gain 25.7% on average, compared to 23.1% for single households.

Economic status

Households in work would gain the most under this model. Employed households would see a 38.0% increase, while self-employed households would see a 24.9% increase. This is due to the fact that these households are more likely to be impacted by the taper rate which lowers an earning household's award. As a result, the £3.50 weekly minimum payment represents a higher proportion of their award than for out of work households.

Benefit system

Households in receipt of Universal Credit would see a higher increase in support than households in receipt of legacy benefits. Those claiming Universal Credit would gain 26.1% on average, while those claiming legacy benefits would gain 22.3%.

Barriers to work

Households with barriers to work would all gain higher levels of support under Option 3 than under the current uprated scheme. Households with a child under 5 would gain the most of any group, with an average increase of 24.4%. Meanwhile, households with caring responsibilities would see the lowest rate of increase, at 17.9% on average.

6.0 Option 4: INCOME-BANDED SCHEME VARYING BY HOUSEHOLD TYPE

Option 4: Income-banded scheme varying by household type

Under this model, household income is calculated and compared to bands, each with a corresponding level of support. The level of support offered under each income band differs by household composition, as is shown in the table below.

Weekly income	% discount		
	Single person	Couple no children	Families with children
£0 – £100 & passported/max UC)	85%	85%	85%
£100 - £150	80%	80%	85%
£150 - £200	Nil	75%	85%
£200 - £300	Nil	Nil	80%
£300 - £400	Nil	Nil	75%

Households in receipt of Income Support, Employment & Support Allowance (ESA) and Jobseekers Allowance (JSA) will automatically be placed in Band 1. Unlike model 2, this band is also open to households that are not on passported benefits or receiving their maximum UC, but who have a counted income of under £100/week.

Household income consists of all income (including benefit income, child benefit, maintenance payments and Universal Credit), but excludes:

- The Universal Credit Housing element
- Childcare element of Universal Credit and Childcare Tax Credit
- Disability benefits such as DLA, PIP and AFIP
- War pensions
- Bereavement Payment

The four changes that are introduced under model 1 are also brought forward and incorporated here. They are:

- The Minimum Income Floor (MIF) applied to all self-employed households, regardless of whether they are receiving Universal Credit or not
- A band cap at band D
- Capital limit reduced from £16,000 to £6,000
- Non-dependant deductions set at £5 if the non-dependant is under 18 or is 18 and over and not in remunerative work, and £10/week if the non-dependant is 18 or over and in remunerative work.

CT liability, tax allowances and the minimum wage are increased to 2019/20 levels.

CT liability is increased by 5.5% in 2018/19 and a further 4.5% in 2019/20.

Net migration to UC is assumed at 20%/annum. 40% of the cohort is therefore modelled as being in receipt of Universal Credit.

Appendix 1

Migration to UC is modelled on a random basis excluding households with 3 or more children and those in supported housing or temporary accommodation.

This model will:

- Provide South Ribble Council with an idea of the social and political impact of introduction of an income-band scheme whilst introducing some cost-saving amendments and protection for households.

6.1 Cost

This option was costed as part of the original modelling exercise in June 2018 prior to the Autumn Budget announcements and the more up to date modelling exercise carried out for the current scheme and options 2 and 3. As such figures and some assumptions have since been reviewed and updated.

Annual Cost

Group	Option 4 cost (£/annum)	Comparison to current scheme cost		Comparison to uprated current scheme cost	
		Change (£/annum)	Change (%)	Change (£/annum)	Change (%)
All working age	£2,370,510	£163,360	7.4%	-£87,528	-3.6%
<i>On UC</i>	£929,141	£79,286	9.3%	-£8,085	-0.9%
<i>Not on UC</i>	£1,441,369	£84,074	6.2%	-£79,443	-5.2%
Pension age	£2,908,984	£278,105	10.6%	£0	0.0%
Total	£5,279,494	£441,465	9.1%	-£87,528	-1.6%

The banded model will cost £441,465 more than the current scheme (2017/18) – this is 9.1% increase on current costs. The model has been designed to keep revenues similar in comparison to retaining the current scheme into 2019/20.

Appendix 1

Weekly CTS

As the banded scheme was designed to be cost neutral, the average weekly level of support is much the same as if the current scheme was retained into 2019/20.

All households still in receipt	Average household CTR	Comparison to current scheme cost		Comparison to uprated current scheme cost	
		Change (£/week)	Change (%)	Change (£/week)	Change (%)
All working age	£14.75	£1.02	7.4%	-£0.54	-3.6%
<i>on UC</i>	£15.02	£1.28	9.3%	-£0.13	-0.9%
<i>Not on UC</i>	£14.58	£0.85	6.2%	-£0.80	-5.2%
Pension age	£19.13	£1.83	10.6%	£0.00	0.0%
Total	£16.88	£1.41	9.1%	-£0.28	-1.6%

Claim numbers

296 households lose support altogether under this model, of which almost two thirds are households on legacy benefits.

Administration cost

In banded schemes, CT support will only need to be re-assessed when income changes cross an income band. This will partially mitigate against the expected increased number of assessments required under Universal Credit.

Currently, claims will be re-assessed on average 2 times each year. For those in receipt of weekly based income, such as contributory ESA, JSA, Carers Allowance or weekly, fortnightly or four weekly earnings, re-assessment could be up to 6 times a year under Universal Credit. This could potentially affect up to 25% of claimants (782 households) in South Ribble.

The DWP does not publish figures on the cost of re-assessment of claims so an estimate of likely cost savings is not possible.

6.2 Impact analysis

This model introduces a banded scheme but retains cost at expected levels for 2019/20. Although the cost remains much the same, any scheme change (together with changes in the National Living Wage and income tax), will result in winners and losers.

91.7% of all working-age households are better off under this scheme by over £5/week, compared to current (2017/18) levels of support. Hard pressed households, such as those in receipt of passported benefits, are especially likely to be better off under this scheme.

99.5% of all working-age households on passported benefits are better off by over £5/week, compared to 80.3% of working-age households not in receipt of passported benefits.

Appendix 1

As with model 2, the overwhelming majority of households losing support altogether are employed. Just 23 households (7.8% of all households losing support) are receiving out of work benefits. These are largely unemployed households affected by the band cap at band D or the capital limit reduction that are introduced under this model.

Number households no longer eligible, by economic status			
Economic status	Not on UC	on UC	All working-age households
Employed	108	61	169
Self Employed	70	34	104
Out-of-work benefits	14	9	23
Total	192	104	296

320 households lose more than £5/week, significantly more than the number observed in model 2. However, the number of families losing over £5/week is lower, at 191 households (compared to 251 in model 2). By contrast, under this model more of the households that lose over £5/week are couples without children or single people. In other words, the negative impact of this model is more evenly distributed among household types, whereas in model 2 it is felt almost exclusively by households with children.

Number households losing over £5/week, by household type			
Household type	Not on UC	on UC	All working-age households
Single	54	35	89
Lone parent	68	42	110
Couple no children	20	20	40
Couple with children	56	25	81
Total	198	122	320

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ARE YOU HAVING DIFFICULTY IN PAYING THE SHORTFALL IN YOUR COUNCIL TAX?



DO YOU NEED SOME EXTRA HELP WITH YOUR COUNCIL TAX BILL TO STOP YOU GETTING BEHIND WITH YOUR PAYMENTS?

If so a discretionary Local Scheme payment may help. They can be awarded as a top up to pay the difference between your Council Tax Support and your council tax charge, if you have a shortfall. They are to help you financially for a period of time to stop you getting behind with your payments, for example while you look for work.

Please apply as soon as possible if you need help.

Decisions are made based on your income and expenditure and personal circumstances. If you would like to apply please contact the Benefits Section on 01772 625518 or email benefits@southribble.gov.uk and request an application form. As a Council we are keen to support you to avoid getting into difficulties with Council Tax, Universal Credit and we are here to help. This reflects our desire to focus on prevention and the health and wellbeing of our residents.

Appendix 2

ARE YOU HAVING DIFFICULTY IN PAYING THE SHORTFALL IN YOUR RENT?



DO YOU WANT TO MOVE BUT CAN'T AFFORD REMOVAL COSTS, DEPOSITS ETC?

If so a Discretionary Housing Payment may help. They can be awarded as a top up to pay the difference between your Housing Benefit award or Housing Costs within Universal Credit, and your rent, if you have a shortfall. They are to help you financially for a period of time, for example while you look for work, or find a smaller or cheaper property

OR

If you are in receipt of Housing Benefit or Housing Costs within Universal Credit at your current address, they can help you to move to a smaller or more affordable property by helping towards moving costs such as first month's rent, deposit, removal van etc

Decisions are made based on your income and expenditure and personal circumstances. If you would like to apply please contact the Benefits Section on 01772 625518 or email benefits@southribble.gov.uk and request an application form.

Agenda Item 8



REPORT TO	ON
CABINET	13 February 2019

September 2017

TITLE	PORTFOLIO	REPORT OF
2019/20 Budget and Medium-Term Financial Strategy 2019/20 to 2022/23	Cabinet Member (Finance)	Deputy Chief Executive Resources & Transformation (S151 Officer)

Is this report a KEY DECISION (i.e. more than £100,000 or impacting on more than 2 Borough wards?)	Yes
Is this report on the Statutory Cabinet Forward Plan ?	Yes
Is the request outside the policy and budgetary framework and therefore subject to confirmation at full Council?	Yes
Is this report confidential?	No

1. PURPOSE OF THE REPORT

1.1 The purpose of this report is to set out the proposed 2019/20 Revenue Budget for the Council and the Medium Term Financial Strategy for the next 4 years. This is the financial plan for the Council for the next 4 years. It is aligned to the Corporate Plan and how the Council will deliver its ambitions and services for residents. Cabinet approval is sought and recommendation to Council on 27th February 2019.

1.2

2. PORTFOLIO RECOMMENDATIONS

2.1 That Cabinet recommend for approval the 2019/20 Budget and Medium Term Financial Plan 2019/20 to 2022/23 to Full Council on the 27th February 2019

2.2 Cabinet approve the Revised Estimate for 2018/19 as set out in Appendix A

2.3 Cabinet approve the Revenue Budget for 2019/20 and the 4 year Medium Term Financial Strategy (MTFS) 2019/20 through to 2022/23, summarised at Appendix B.

2.4 Cabinet approve the Corporate Asset Management Plan attached as Appendix D

2.5 Cabinet approve the Capital & Investment Strategy attached as Appendix E

2.6 Cabinet approve the Capital Programme 2019/20 to 2022/23 attached as Appendix F

2.7 Cabinet approve the Treasury Management Policy Statement attached as Appendix G

2.8 Cabinet recommend to Council a Council Tax increase of 1.99%.

3. CORPORATE PRIORITIES

The budget report along with the Medium Term Financial Strategy and its supporting documents allocate resources aligned to the following priorities outlined in the corporate plan:

Excellence and Financial Sustainability	X
Health and Wellbeing	X
Place	X

Projects relating to People in the Corporate Plan:

People	X
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4. CONTEXT FOR 2019/20 BUDGET AND MTFS To 2022/23

4.1 2018/19 Budget and Medium Term Financial Strategy

The budget for 2018/19 and a five year Medium Term Financial Strategy (MTFS) agreed at Council on 28th of February 2018 set out some challenges to deliver a balanced, sustainable budget in the medium term. Assumptions were made about future levels of income from business rates, Council Tax increases, targets were set to generate savings from efficiencies and from proposals to deliver new sources of income to deliver a balanced position over five years. These totalled £5.5m over five years. Implementation has been progressed during the year. These savings have been included in the base forecasts in the budget proposal before Members.

4.2 Projected Outturn 2018/19

Budget monitoring is reviewed by Scrutiny Committee and Cabinet throughout the year. This enables some base budget review during the year to reflect changes to service delivery and take up. These changes have been reviewed during the budget process and reflected in the base budget. It is anticipated at the end of quarter three the Council will have a small surplus subject to year-end accounting adjustments for pensions, provisions and any impacts relating to Brexit such as property valuations.

4.3 Funding of Local Government

4.3.1 Major changes to local government finance started in 2013/14. These changes saw the withdrawal of central government grant to support local spending and the introduction of retaining business rates collected locally. 2017/18 was the final year that South Ribble received Revenue Support Grant (RSG) from Central Government. This was fully explained in the previous MTFS.

4.3.2 Business Rate Retention (BRR) and the Lancashire Pooling arrangements have been established since 2013/14. In essence this scheme allows increases in business rates to be retained locally. The Local Government Finance Settlement 2018/19 identified the Secretary of State's intention to increase business rate retention as a means of funding over the next few years. A new pilot scheme has been announced to look at different arrangements for retention and pooling. The Lancashire Pool is a successful example and will feed into any future review of the arrangements. The pooling and local retention of growth arrangements continue to demonstrate benefit to South

Ribble and contribute positively to the Council's financial position. A key factor is that the Council will benefit significantly from the growth in business rates collected. Future growth will further enhance our retention in the future subject to the delivery of some major developments such as Cuerden and the Enterprise Zone. There is a small increase in BRR in the 2019/20 budget which exceeds the expectations of the previous MTFS due to the success of the Lancashire wide bid for the 75% pilot pool.

- 4.3.3 The Local Government Settlement for 2018/19 specifically stated the Secretary of State's intention to reset the business rates retention system in 2020/21. This will see NNDR Baselines adjusted to reflect how much local authorities are actually collecting in business rates. The implications of this are impossible to assess at this stage. However, any changes will have transitional arrangements and South Ribble should be protected by the future growth elements that are still to come forward. This is also the justification to continue to maintain a Business Rate Retention Equalisation Reserve to allow for any significant movements in forecasts and allow time to adjust future spending.
- 4.3.4 New Homes Bonus scheme was established to pass the "benefits" of generating net increases in housing supply to local authorities. Changes were announced for 2017/18 to change the benefit from 6 years to 4 years. Moreover locally South Ribble Borough Council has committed to pay its receipts into City Deal. This adjustment impacts the core funding for City Deal by removing 1/3rd of the funding growth available from new housing developments. The impact also means this funding stream will cease to support South Ribble services directly in 2020/21.
- 4.3.5 Council tax remains the major source of funding for local services. Councils can determine the levels of taxation for their local areas but there are limitations imposed by Government regulation. The Secretary of State sets out thresholds annually for each tier of local government above which council tax increases would be deemed excessive. For district councils, increases of less than 3% or up to and including £5 (whichever is higher) above the authority's relevant basic amount of council tax for 2018/19 can be made without triggering a referendum. A proposal for increase is included in this paper as a specific recommendation.
- 4.3.6 The balance of the budget and longer term Medium Term Financial Strategy is contribution to and from reserves. The pooling pilot and the removal of negative RSG are balanced off against any potential impacts of the wider Fair Funding formula review.

4.4 **Growth**

- 4.4.1 South Ribble is embracing the growth agenda fully. Its Local Plan identifies commercial and employment growth as well as the associated housing numbers. The Council is a major partner in Central Lancashire City Deal. As such the Council has committed investment of future funding into the programme but will see long term increases to its business rate and council tax receipts subject to the growth being delivered.
- 4.4.2 Growth and a population expansion will also bring with it some additional costs and demands upon our services. Our Corporate Plan does and will continue to identify projects to meet these demands. This MTFS and the Capital Investment Strategy identify the financial resources for the next 4 years to deliver on those ambitions.

4.5 **Corporate Plan**

The Council has developed a 5 year Corporate Plan that sets out its priorities for the future years and outcomes that it intends to achieve. This reflects the resident survey, consultation with stakeholders and Member input. The emerging priorities continue to be:

- Financial Excellence and Stability
- Health, Leisure & Well Being
- Place

This budget, MTFS, Capital Strategy and Capital Programme and have been aligned to these priorities. Future decisions and spending proposals are linked directly to these priorities.

4.6 **Capital Strategy 2019/20 to 2022/23**

A 4 year Capital Strategy attached has also been developed and linked to the Corporate Plan. Mindful of the future growth of the population, the health of the existing population and the ageing council leisure asset stock, the Council has developed a Health, Leisure and Wellbeing agenda which encompasses the Green Links and Campus Programme for South Ribble. That proposal requires significant investment to deliver the desired outcomes. The 4 year Capital Strategy and Programme identifies potential funding to make a significant impact to that agenda. If agreed then this requires the council to borrow to deliver. During the development period the Council will seek to secure additional third party funding to mitigate the borrowing costs. This investment will also deliver long term financial efficiencies with wider health and wellbeing benefits.

The Council will also support housing and economic growth through the use of its capital investments. These will be appraised to deliver economic outputs as well as longer term financial benefits such as invest to save and invest to earn producing either budget efficiencies or new income streams. Housing investment will seek to support requirements to supply age related, tenure and demand led initiatives.

4.7 **Medium Term Financial Strategy**

The proposed MTFS brings together the budget proposals for 2019/20 identified below that reflect Council decisions and future recommendations into a 4 year financial plan. Prudent assumptions on future growth and spending are incorporated into that plan as well as potential future changes to service delivery. This is specifically covered in section 7 below.

4.8 **Robustness of Estimates**

Under Section 25 of the Local Government Act 2003, the Authority's Chief Finance Officer, the Deputy Chief Executive Resources and Transformation, is required to report on the robustness of the estimates made for the purposes of the Council's annual budget. This will also extend to the assumptions contained in the Council's Medium Term Financial Strategy (MTFS) and the financing and resourcing assumptions set out in the approved Capital Programme.

Section 25 (2) of the 2003 Act requires the Council to have regard to this report in approving the annual budget and setting the council tax.

In order to provide assurances that the budget estimates are robust the Chief Finance Officer has had regard to the following factors:

- The available resources (support from central government and locally raised income)
- The deliverability and sustainability of the budget decisions to be taken in the proposed budget
- The anticipated budget pressures arising from demand-led services
- The forecast impact of inflation anticipated pay awards and pay restructure
- Progress in delivering previous budget decisions and the anticipated outturn for 2018/19.
- The financial standing of the Council and the effectiveness of the financial management arrangements in place
- The affordability and sustainability of the capital expenditure and investment plans arising from the Council's Capital Programme.
- The management of risk on an ongoing basis

In order to provide that reasonable assurance the Chief Finance Officer has had regard to a number of factors as part of the budget planning process which are highlighted in Appendix C to this report. Other assumptions are included in the body of the report.

5. 2019/20 BUDGET

5.1 The table in Appendix B sets out the proposed budget for 2019/20 and the Medium Term Financial Strategy for 2019/20 to 2022/23. It is based upon a fully costed structure that is in place, existing service delivery arrangements and standards, generated efficiencies future committed contractual arrangements and income generated from services. The impact of decisions made and implemented in 2018/19 have been included.

5.2 Revised Base Budget Requirement

This section focuses on 2019/20 budget specifically. It sets out to identify the specific decisions required of Cabinet and Council. It will also explain the major elements and changes from the current MTFS approved for 2018/19. These encompass

- Changes in the government funding formula to remove negative Revenue Support Grant (RSG) for 2019/20 only
- The impact of the Lancashire County business rates pooling for 2019/20 only
- The full impact of the green waste collection
- A revised income profile from the commercial property investment
- A revised income forecast for Council Tax and Business Rates that reflects planning applications approved
- A level of transformation approved and delivered.
- Anticipated benefits arising from the Capital Programme based on invest to save / earn principles.
- Levels of inflation and contract growth
- Agreed NJC pay adjustments

The additional costs and income have an on-going impact on future years. The impact has been incorporated into the Medium Term Financial Strategy which is shown in Appendix B and discussed later in section 7.

5.3 MTFS Decisions to be Implemented

The senior management restructure was agreed and the recruitment processes have been completed and the Leadership Team are now fully in place. Given the changes in the government funding formulas other than the proposed Council Tax increase there are no significant decision to be made regarding the setting of the 2019/20 budget. The 2019/20 Council Tax Support Scheme was recommended to Full Council on the 23rd January 2019

Ongoing the council is seeking through its MTFs to improve its net return from its asset base both in the form of cash balances and property. Consultants have been appointed to oversee a property investment fund and the Council will be undertaking an asset database review for future investment opportunity or income generation. Officers will continue to identify efficiency savings in operational budgets. Some of these many require upfront capital investment with invest to save / earn benefits. Additional reports will be presented to Cabinet as required if decisions are to be made

5.4 **Funding**

5.4.1 Retained Business Rates is based upon the NNDR 1 return. Here there is shift from the previous MTFs assumptions. That predicted a base level of £4.293m after a transfer of £0.304m into the Business Rate Reserve and potential growth from 2020/21 of £0.25m. The retained business rates in the proposal is £5.700m. The increase in 2019/20 is significant and largely due to the success of the Lancashire-wide bid for a 75% share of BR growth, plus the forecast collection fund surplus from 2018/19 distributed in 2019/20 and an overall increase in the rateable values. This reflects the Council's commitment to pay over its retained business rate commitments within the City Deal arrangements or through the Enterprise Zone.

5.4.2 The 2019/20 Council Tax figure represents the current rate of collection and revised council tax base. It includes the current estimated surplus of £98,000 on the Council Tax Collection Fund.

5.5 **2019/20 Budget Proposals**

Investment in Corporate Priorities

5.5.1 The base line budget proposals have been aligned with the Community Strategy and Corporate Plan to give the Council the capacity to deliver on these priorities. Funds approved in last year's budget have been continued to maintain the progress in those initiatives.

5.5.2 In addition the staffing structure has been reviewed to formalise a number of prior arrangements relating to honoraria, temporary and interim posts. As South Ribble will see major growth in the coming years small amounts of additional resources have been built in to increase capacity to deliver the projects proposed in the capital programme and externally funded projects.

5.5.3 The Council will continue to seek out additional funding sources to bolster its delivery programme and offset future revenue or capital borrowing requirements

5.6 **Capital Strategy**

The detailed Capital and Investment Strategy attached as Appendix E sets out the 4 year investment plan and the consequences of borrowing to meet some of the investment are built into the base budget along with the anticipated returns on a spend to save basis.

5.7 **Transformation Savings**

Known savings from the Transformation Programme has been included in the 2019/20 budget. This is the forecast savings from the 1st phase of transformation and are focussed in the following areas:

- Depot Commercialisation
 - Additional space utilisation by third party contractors
 - Spend to save energy efficiency

- Shared fuel supply arrangements
- Vehicle rationalisation
- ICT Review
 - Review of systems and costs across all directorates
- Gateway Review
- Corporate review of neighbourhood working
- Green Waste collection – reducing waste to land fill and more efficient collection
- Improved environmental services delivery. Grounds staff to undertake S106 funded works over the winter periods on green links projects.

Work has commenced on projects that can deliver greater efficiencies across the Council through its blended working across all directorates, for example a new Digital Strategy. Some of these projects will require upfront investment on the basis of invest to save or invest to earn principles. This has been included in the base budget funded from a Transformation Reserve established in previous financial year.

5.8 Council tax increase

The Council has the ability to increase council tax levels to fund on-going expenditure. Options to increase Band D council tax have been considered. These options and the level of additional income generated are shown in Table 1 below.

Table 1 Potential Income from Council Tax Increases

Potential Tax Increase	Amount per Band D Property	Budget amount Generated
	£	£
1.99% Increase	4.27	153,000
£5 per property (2.4%)	5.00	180,000
2.99% Increase	6.42	230,000

The proposal before Members includes an increase of 1.99% generating £153,000 of additional revenue amounting to 8p per week per average household for South Ribble services. Cabinet is asked to recommend this increase to Council on 27th February 2019.

6. **MEDIUM TERM FINANCIAL STRATEGY (MTFS)**

6.1 The Medium Term Financial Strategy (MTFS) is shown in Appendix B. This reflects the impact of investing in the Corporate Plan over the next 4 years. It takes on the full year impact of 2018/19 budget decisions and further assumptions have been made. This section outlines what those assumptions are and how they impact on the overall financial strategy.

6.2 **Pension Fund Triennial Review**

The pension fund is revalued every three years and contributions adjusted based upon the actuary's opinion of value and liabilities. The Council currently make lump sum payments to the fund for the current three year period. The next revaluation takes place in 2019/20 and will include a balancing of the previous three years payments. Invariably this may result in an increase in local authority contributions. An estimate of a 2% increase has been included in the MTFS from 2020/21 to reflect potential changes.

6.3 **Fees & Charges**

Increases in general fees and charges have not been assumed unless required for statutory purposes for cost recovery or set by other bodies. Charges will continue to be reviewed and further decisions brought to Cabinet if required.

6.4 **Property Investment**

The Council continues to seek out wider property investment opportunities which reflects the Council's current ambition to deliver housing and economic growth. Professional advisors have been appointed to seek out external property investment opportunities. The Council will further seek other investments that generate returns which may include housing and employment growth. The Council's Treasury Management Policy statement attached as appendix G fully reflects current best practice and will underpin each business decision that is brought forward. The Council will also seek to review its own property asset database to provide future investment and or additional income.

6.5 **Transformation and Shared Services Savings**

The Council continues to review all of its services seeking out opportunity for transformational changes and investment opportunities that generate efficiencies, new income or improved service delivery.

A review of the current and future shared service agreement is being undertaken and will report back in June 2019. Efficiencies in proposed operations will be included in future reports.

6.6 **Capital and Investment Strategy**

The Capital and Investment Strategy attached as appendix E sets out a 4 year investment programme of £41.4m to deliver significant improvements to services for residents of the Borough. To deliver this ambitious programme it is anticipated borrowing of £20.6m will be undertaken. However, the investment and borrowing in the Health, Leisure and Well Being programme will deliver efficiencies and additional income which were highlighted to Members in previous reports.

6.7 **Business Rates**

6.7.1 Business Rate retention brings with it many advantages including keeping a share of the benefits of growth locally. However, there are also some potential risks because negative changes to business rate levels such as business closures or empty rates needs to be met locally. Therefore the Council has established a Business Rate Retention Reserve.

6.7.2 Part of this reserve has now been identified for City Deal specific payments. The Council is committed to certain levels of payments based upon business rate growth over the next few years. Also the Council will need to incur additional expenditure to deliver that growth. This reserve will help meet some of those commitments.

6.7.3 The retained business rate level within the MTFs is based on the January 2019 NNDR1 return. Assumptions have been made for inflation and an element of growth. There is an element of risk that growth is impacted by external factors such as developments coming forward and wider economic factors such as Brexit.

6.7.4 Part of the benefits of retaining business rates is that the increases in rates level generated from growth are kept locally. The MTFs shows a prudent view of the net

benefits coming into the Council's financial strategy in 2019/20 and increasing the following year.

6.8 **Council Tax**

The MTFS assumes a continuation of Council tax rises at 1.99% for the current and future years based on current arrangements continuing. This decision will be reviewed each year as Council must determine the level of Council Tax each year as a formal, statutory decision as a billing authority. This gives the mandate for billing each household.

The MTFS assumes a rate of growth supported by the City Deal proposals and the ongoing monitoring of new housing completions.

6.9 **New Homes Bonus**

The monies identified as New Homes Bonus (NHB) are currently passorted to the County Council as funding support to the City Deal. Following changes to legislation the amounts received reduced from six annual sums to four. The budget identifies those sums approved. It is anticipated that NHB will be subject to the Fair Funding changes proposed in 2020/21.

6.10 **Use of General Fund Balances**

The proposed MTFS recommends using the general fund surplus to increase the Council Capital Investment reserve. This enables a transition to a medium term balanced budget position with the opportunity to invest reserves into future income generating, cost efficiency or mitigate future borrowing requirements.. Other options to balance the budget could include significant increasing fees and charges, higher Council Tax increase or reducing levels or quality of services. These have been considered and discounted in favour of protecting frontline services, maintaining current fees and charges and providing the resources to deliver the Councils growth, Health, Leisure and Wellbeing agenda

7. **BREXIT AND ECONOMIC CHALLENGES**

The Council awaits the outcome fo the Brexit decision due to come into effect from the 29th of March after the Council has set its budget. The Council has already discussed this issue with its external auditors and taken consideration on a number of potential impacts. In addition the Council is also represented at Senior Officer level on the Lancashire Resilience Forum which is currently considering both county wide and local issues.

The Chief Financial Officer has considered issues that may arise following Brexit. Key issues for South Ribble are amongst others:-

- Potential for community unrest
- Energy and fuel supplies
- Property and investment values and returns
- Impact on Business rates if companies relocate

Given the level of reserves identified in the point below the Council are of the opinion that any short term impacts can be retained in the base budget and cash reserves.

The Council also need to consider the positive impacts of Brexit and the wider growth agenda. Working with land owners, partners and funders there are opportunities to grow the economy and local housing stock with the appropriate returns to the Council

8. **RESERVES**

- 8.1 The Council had £29.8m of reserves on its balance sheet as at 31st March 2018. These are made up of general fund balance, earmarked reserves which are funds set aside for specific purposes historically, carry forward reserves from surplus income and under spending in

previous years, business rate reserve, capital receipts and funds for specific purposes such as section 106 for affordable housing. A strategic review of the categorisation of these reserves has been undertaken during the budget process prompted by the focus of the financial strategy of the Council to the new Corporate Plan.

8.2 The overall strategy will see the Council utilising a major element of its reserves in future years to deliver the major investments required. The impact of this investment is shown on the overall reserve levels in table 2 below. Anticipated returns from these investments have been estimated in the MTFS

Table 2 Projected Reserves over the life of the MTFS

RESERVES FORECAST - SUMMARY	Actual 31/3/18 £000	Forecast 31/3/19 £000	Forecast 31/3/20 £000	Forecast 31/3/21 £000	Forecast 31/3/22 £000	Forecast 31/3/23 £000
General Fund Balance	(5,357)	(4,587)	(4,587)	(4,587)	(4,587)	(4,587)
Earmarked Reserves						
Production of local plans	(80)	(80)	(80)	(80)	(80)	(80)
Organisational restructure costs	(90)	0	0	0	0	0
Borough council elections	(112)	(142)	(23)	(63)	(103)	(143)
My Neighbourhoods reserve	(51)	(51)	(51)	(51)	(51)	(51)
Housing needs survey	(97)	(83)	(103)	(83)	(103)	(123)
Performance Reward Grant	(48)	(19)	(19)	(19)	(19)	(19)
Equalisation reserve - Business rates retention	(2,256)	(2,555)	(2,490)	(2,425)	(2,360)	(2,295)
City Deal	(1,671)	(1,606)	(1,739)	(1,589)	(1,489)	(1,389)
Borough Investment account	(3,824)	(4,551)	0	0	0	0
Transformation Reserve	(500)	(440)	(240)	(40)	0	0
CIL admin	0	(82)	(82)	(82)	(82)	(82)
Capital Funding Reserve	(3,460)	(2,742)	(935)	(1,073)	(1,521)	(1,661)
Repairs and Maintenance Fund	(500)	(500)	(500)	(500)	(500)	(500)
Apprenticeship Reserve	(335)	(265)	(262)	(262)	(262)	(262)
Carry forward and other earmarked reserves	(606)	(443)	(370)	(292)	(208)	(120)
Commuted Sums	(217)	(183)	(167)	(152)	(142)	(133)
sub total	(13,848)	(13,742)	(7,061)	(6,711)	(6,921)	(6,858)
Total Revenue Reserves	(19,205)	(18,329)	(11,648)	(11,298)	(11,508)	(11,445)
Grants and contributions						
Section 106 - affordable housing	(4,140)	(4,444)	(3,571)	(3,171)	(2,771)	(2,371)
Section 106 - other	(2,351)	(2,411)	(2,044)	(1,994)	(1,944)	(1,894)
Receipts in advance	(558)	(525)	(525)	(525)	(525)	(525)
Community Infrastructure Levy	(1,063)	(1,261)	(1,261)	(1,261)	(1,261)	(1,261)
Government Grants - Land Release Fund	(126)	(362)	0	0	0	0
Government Grants (incl DFG grant)	(367)	(309)	(580)	(580)	(580)	(580)
Other	(67)	(158)	(158)	(158)	(158)	(158)
Usable Capital receipts	(1,932)	(826)	(586)	(346)	(106)	(0)
Total Capital Reserves	(10,604)	(10,296)	(8,724)	(8,034)	(7,344)	(6,788)
Total Reserves	(29,809)	(28,625)	(20,372)	(19,331)	(18,851)	(18,233)

- 8.3 There is a statutory requirement within the Local Government Act 2003 for billing authorities such as South Ribble to have regard for the level of balances required for future needs when calculating its budget requirement. A prudent level for General Fund Reserve is between £4m and £5m for an authority with a net budget requirement of £15m. This should cover any unforeseen emergency funding challenges.
- 8.4 The Council is increasingly reliant on retained business rates as a source of income. The system has now been in place for 6 years and some confidence can be attached to the future receipts. This is particularly the case in South Ribble because of the Central Lancashire City Deal. Real growth in business rates is anticipated to be delivered by 2021/22. There is still the need to maintain a Business Retention Reserve to protect the Council from future fluctuations but it is probably at the right level now. Part of the fund has been allocated specifically for City Deal liabilities. This will help meet the Council's future commitments and protect the revenue budget from any unforeseen fluctuations.
- 8.5 Reducing the level of reserves will reduce the level of investment interest that the Council will receive year on year. However, returns are extremely modest at around 0.66% so the overall impact has been absorbed into the MTFS.
- 8.6 The overall level of reserves at the end of the MTFS period remains substantial. General Fund balance is predicted to be £4.6m and other revenue reserves £6.9m.

9. CONSULTATION CARRIED OUT AND OUTCOME OF CONSULTATION

- 9.1 Consultation with partners and key stakeholders has been undertaken in the formulation of the Council priorities for the next 5 years and the construction of the Corporate Plan. The revenue budget is the major element of the financial strategy to deliver those Corporate Plan ambitions.
- 9.2 The emerging priorities and budget approach has been consulted on with residents via the Council's consultation page on its website. This information was also shared with South Ribble Partnership and the wider business community.

10. FINANCIAL IMPLICATIONS

- 10.1 This report is the overall financial strategy for the Council for the next 4 years that will enable delivery of the Corporate Plan ambitions. It sets out a clear affordable programme of investment, organisational development and growth. All of these factors are summarised in the 4 year MTFS to be recommended to Council. This MTFS allows for spending to be made to deliver changes and improvements and for funding to be generated to pay for future capital spending and liabilities.

11. HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT IMPLICATIONS

- 11.1 The budget and MTFS has implications across the whole organisation as it sets out the financial plan for the next 4 years. Investment is recommended in organisational development and staffing resources to meet new demands of the growth agenda. Structural changes already agreed are included, a small efficiency has been included to reflect staff turnover. However, no detailed proposals are required to be made within this report.

12. ICT/TECHNOLOGY IMPLICATIONS

- 12.1 The programme identifies funding for ICT over the 4 year period supported by a Digital Strategy that should meet existing priorities and funding for the staffing resource to support the management and maintenance of service delivery. A detailed plan has been drawn up that will tackle IT investment, paperless office and agile working amongst its proposals.

13. PROPERTY AND ASSET MANAGEMENT IMPLICATIONS

13.1 Many of the elements of the budget and MTFS have property and asset management implications. The asset Management plan attached highlights proposed reviews and future decisions to be made. Investing in new and improved Green Links and Health, Leisure and Wellbeing infrastructure will have implications on future maintenance programmes. Equally investment in facilities will have positive impact on future maintenance liabilities. Specific provision has been made for repairs and maintenance. The budget includes resources to staff the property function and ensure that the Council facilities are maintained.

14. RISK MANAGEMENT

14.1 All of the programmes undertaken by the Council have risks associated with them. The Council has adopted a strong programme management approach in its structure and way forward. Each of these schemes will have a definitive project plan, timescale and responsible officer for delivery. The proposed MTFS funds this programme and will enable the Council to support a positive approach to risk management.

14.2 A review of reserves and balances has been undertaken in developing the recommended budget and MTFS. Some resources have been targeted at specific risk. However, the level of reserves held ensure that the Council can adequately deal with unexpected major events.

15. EQUALITY AND DIVERSITY IMPACT

15.1 The investments proposed will have a positive impact for all residents across the whole Borough. The proposed investment in Health, Leisure and Well Being will have direct impact on all. Access to better open spaces and green links will be significantly improved to open up those wonderful opportunities to more of the population. Investment in facilities will address some shortfall in provision to meet existing need but will also open up opportunities for wider cultural and non-sporting uses.

15.2 The resources identified for Place will deliver the wide ambitions to improve the physical infrastructure of towns and villages in the Borough which will open up those places to more residents. In addition resources are focussed on helping housing.

15.3 Investment in Council business is targeted at improving service deliver efficiency, income generation and accessibility of those services. Resources have been allocated to ensure that this will be at the heart of all service delivery and improvements.

16. COMMENTS OF THE STATUTORY FINANCE OFFICER

16.1 This report sets out the budget proposals for 2019/20 and the Council's Medium Term Financial Strategy for 2019/20 to 2022/23. These financial plans underpin the delivery of the new Corporate Plan. This report should be considered together with the 4 year Capital Strategy report, Capital Programme, Digital Strategy, and Asset Management Plan which are separate appendices in this report. The forecast financial implications and benefits of the capital investment proposed in the Capital Strategy for 2019/20 to 2022/23 are incorporated into the reserves forecasts and the revenue budget forecasts which are set out in Appendix B to this report.

16.2 As set out in the report, full consideration has been given to:

- A prudent approach to the impact of the growth agenda on both Council resources and future income;
- central government funding (as advised in the provisional 2019/20 Local Government Finance settlement) and potential changes;
- the Council's wider investment programme;
- forecast capital and revenue implications of delivering the Corporate Plan

- 16.3 During 2018/19 the Council has performed well in growing its business rate base and continues to proactively pursue the recovery of all business rates liabilities. There has therefore been an uplift in the business rates income forecast and this has contributed to meeting the budget gap and has also enabled the Council to set aside monies in reserves to fund future liabilities, including its commitments in relation to City Deal. Based on the expected timescales for development, this will result in a more significant increase in business rates income for the Council in the later years and the MTFs therefore shows some of this being used to replenish the Capital Reserves to ensure future capital investment can be funded.
- 16.4 As well as business rates growth, the Medium Term Financial Strategy includes prudent assumptions for increased Council Tax income based on forecast housing growth through the City Deal programme.
- 16.5 The resulting 2019/20 budget and MTFs forecasts, as set out in Appendix B, show creation and utilisation of General Balances for years 2019/20 to 2022/23. These forecasts are based on the assumptions set out in this report, which include decisions to be made on future Council Tax increases, investment in the Corporate Plan and the planned use of reserves and also assume that the Transformation Savings will be delivered.
- 16.6 This report sets out the budget proposals and assumptions for the delivery of a Balanced Budget and Medium Term Financial Strategy. As required under Section 25 of the Local Government Act 2003, I confirm that in my opinion the estimate forecasts are robust and there is an adequate level of balances to support the risks associated with a borough council of this size.

17. COMMENTS OF THE MONITORING OFFICER

- 17.1 The budget has been set with reference to all relevant legal requirements set out in the Local Government Finance Act 1992 and all other related legislation, statutory instruments and regulations.
- 17.2 Cabinet is under a legal duty to prepare and agree budget proposals which then must be referred to full Council for their consideration.
- 17.3 Members will fully appreciate that there is a legal duty to set a lawful budget in time. For all practical purposes Council needs to set this budget at its meeting on the 28th of February.
- 17.4 Members jointly and severally (individually and collectively) have a fiduciary duty to Council Tax payers. This means they have a duty to facilitate the setting of a lawful budget.
- 17.5 Failure to set a lawful budget may result in legal challenge by way of judicial review proceedings. More generally any such failure could result in loss of income, significant additional administrative costs as well as reputational damage. There is a further risk that a failure to set a lawful budget in a timely fashion could result in intervention from the Secretary of State.

18. BACKGROUND DOCUMENTS and APPENDICES

2018/19 Budget and Medium-Term Financial Strategy – Cabinet 14th Feb 2018

Appendix A	2018/19 Revised Estimate
Appendix B	Medium Term Financial Strategy
Appendix C	Budget Assumptions Summary
Appendix D	Asset Management Plan
Appendix E	Capital & Investment Strategy
Appendix F	Capital Programme

Tim Povall

Deputy Chief Executive Resources & Transformation (S151 Officer)

Report Author:	Telephone:	Date:
Tim Povall / Jane Blundell	01772 625259	24/01/2018

Appendix A

Revised Budget 2018/19	ORIGINAL	REVISED
	2018-19	2018-19
	£000's	£000's
Chief Executive	789	879
Neighbourhoods & Development	5,539	5,323
Planning & Property	1,529	1,246
Finance & Assurance	1,389	1,693
Legal, HR & Democratic Services	1,338	1,351
Customer Experience and Operations	1,914	1,884
	12,498	12,376
Previous Directors	284	
Efficiency Targets	(628)	
	12,154	12,376
Budgets Not In Directorates:		
Debt Repayment	969	886
Interest	60	(100)
Parish Precepts	365	365
Pensions Costs	580	563
Net Cost of Services	14,128	14,090
Retained Business Rates	(4,597)	(4,607)
Council Tax	(8,053)	(8,054)
New Homes Bonus (incl City Deal)	(1,391)	(1,391)
Reserves transfers - Earmarked	(87)	(257)
Total Funding	(14,128)	(14,309)
Net (Surplus) / Deficit	0	(219)
Transfer to Capital reserve	0	219
	0	0

<u>Key variations</u>	£000	£000
Original Budget Deficit / (Surplus)		0
<u>Income budgets</u>		
Green Waste additional income	(335)	
Less Transformation target	270	(65)
Trade Waste net additional cost		18
Interest Receipts		(115)
Investment property rentals		21
Property Investment Strategy - income not achieved		100
Car Parking income		10
<u>Expenditure budgets</u>		
Staff costs net underspend (turnover & reduced hours)		(255)
Vehicle R&M saving - work brought in-house		(35)
Housing Strategy rephasing into 2019/20		(20)
Legal fees increase		20
Interest Payable reduction		(45)
IT supplies & services - budget pressures		63
Housing Benefits admin & subsidy net saving		(62)
Shared Financial Services		16
External audit fees		(11)
Misc. net adjustments		17
Capital financing saving (debt repayment)		(83)
Provision for bad debts - prior year adjustment		207
Movement (forecast surplus)		(219)

Budget 2019/20 and Medium Term Financial Strategy 2019/20 to 2022/23				
	PROPOSED			
	BUDGET	FORECAST	FORECAST	FORECAST
	2019-20	2020-21	2021-22	2022-23
	£000's	£000's	£000's	£000's
Chief Executive	890	877	889	872
Neighbourhoods & Development	5,792	5,917	6,069	6,191
Planning & Property	1,175	495	(228)	(198)
Finance & Assurance	1,405	1,454	1,480	1,473
Legal, HR & Democratic Services	1,724	1,590	1,621	1,652
Customer Experience and Operations	2,090	2,129	2,168	2,208
Budgets Not In Directorates:				
Debt Repayment	835	1,022	1,210	1,688
Efficiency Targets	(150)	(150)	(150)	(150)
Interest	(89)	124	192	261
Parish Precepts	397	397	397	397
Pensions Costs	414	592	569	546
Net Cost of Services	14,484	14,445	14,218	14,938
Retained Business Rates	(5,700)	(5,454)	(5,663)	(5,874)
Council Tax	(8,176)	(8,131)	(8,184)	(8,238)
New Homes Bonus	(1,014)	(366)	(112)	(93)
Reserves transfers - General	0	0	0	0
Reserves transfers - Earmarked	(158)	(323)	(238)	(243)
Total Funding	(15,047)	(14,274)	(14,198)	(14,448)
Forecast Budget Gap/ (surplus)	(563)	171	20	490
Council Tax Increase (1.99% per annum)	(153)	(309)	(468)	(630)
Transfer to Capital reserve	716	138	448	140
Net (Surplus) / Deficit	0	0	0	0

Budget Assumptions Summary

Budget Item	Assumption
Pay increases	2% per annum.
Pensions Revaluation	2% increase in employer's rate from 2020/21.
Non-pay Inflation	Other than pay increases, inflation and growth has only been applied to expenditure budgets where contracts and demand pressures are in place. Other expenditure budgets are generally cash limited.
Fees and charges	Retained at 2018/19 levels unless set by an external body. Separate reports will be presented if fees are to be further reviewed
Prudential Code and Capital Strategy.	Any proposed borrowing includes provision for full repayments in the forecasts. Council will seek alternative funding mechanisms to offset borrowing costs.
Reserves and Balances	The Council holds a robust level of reserves, provisions and balances. These can be utilised in the event of a unknown major budget pressure that cannot be dealt with through management actions. The council holds reserves in the event of major funding changes that can be used for transitional periods if necessary.
Insurances	The Council through its brokers continues to monitor on an annual basis its liabilities and the necessary insurance cover required.
Council Tax Increases	1.99% increases per annum 2019/20 to 2022/23. The Council Tax Support Scheme continues as is until further consultation and council decisions are made.
Retained Business Rates	The Council has submitted a detailed NNDR1 form for 2019/20 which includes prudent estimates of business rates, appeals, bad debt provisions and changes to the rating list.
Baseline Funding Level	2018/19: £2.257m 2019/20: £2.309m

CORPORATE ASSET MANAGEMENT PLAN

1. INTRODUCTION

After its staff the Council's land and property is the next biggest resource. It is vital that this resource is managed and used effectively and efficiently. This will ensure that the Council uses its assets as a driver for change and derives maximum benefit from its assets in support of its strategic aims and priorities outlined in its Community Strategy and Corporate Plan and the wider objectives of Transformation and Health, Leisure and Wellbeing.

The continued pressure on local authority finances makes it more critical that the Council has a robust strategic approach to ensure the correct decisions are taken regarding its asset base.

The plan forms part of a suite of documents, including the Capital and Investment Strategy and Capital Programme, supporting and informing the Medium Term Financial Strategy.

The Council will continue to challenge and justify why assets are being retained, whilst looking at other alternative options for asset use and service delivery to maintain front line services within the stringent budgetary framework which local authorities continue to operate within.

2. ROLE OF ASSETS

The use and management of the Council's assets can play a fundamental role in delivery of corporate and local priorities, delivery of housing supply as well as shape and influence the quality of life for local people and businesses.

It is critical that the assets the Council retains are fit for purpose, provide value for money and meet/support both business and community needs using a Corporate Landlord approach. Decisions to invest and improve the asset base are made on the same robust and transparent basis. Assets will only be retained where it can clearly be demonstrated they:-

- contribute to the effective delivery of business provision (i.e. the condition and performance of the asset does not impede service delivery);
- support and meet the social, economic and environmental well-being objectives of the community;
- assist in the delivery of the strategic, economic and regeneration objectives and/or;
- provide value for money (in respect of their current or future investment, capital value and/or ability to influence regeneration).
- Generate an appropriate rate of return compared to the asset value. Ensuring that appropriate lease reviews and renewals are undertaken to sweat the assets held.

Where assets do not satisfy the above criteria consideration will be given to the asset either being better utilised, freeing up accommodation elsewhere, or disposed.

The Council will adopt a planned approach to review and challenge the use, retention and rationalisation of assets, providing a transparent framework for investment and disinvestment decisions in the asset base, as well as the generation of capital receipts to support the Council's MTFS.

3. KEY CHALLENGES

In developing a rolling 3-5 year plan the Council will need to have a flexible approach to take account and accommodate a variety of factors and challenges which will impact on the future of the asset base. In summary these include:-

National level

Local Government Settlement will continue to result in year on year challenges with the available levels of revenue and traditional forms of grant funding. All of which will place increased pressure on how the Council uses and manages its assets in support of service delivery. This will continue to place greater pressure on the Council to improve the revenue it can generate whilst at the same time make operational efficiencies through property rationalisation and improved usage of assets.

State of the property market. Whilst there has been noticeable improvements in certain sectors of the property market other areas continue to remain stagnant. As a consequence there is a greater need to bring forward property reviews. This in turn will aid generation of new income and or capital receipts as well as have a sustainable pipeline of future sites to support the Council's MTFS.

One Public Estate. This is a Central Government initiative designed to facilitate and enable local authorities to work successfully with central government and local agencies on public property and land issues through sharing and collaboration. South Ribble will continue to identify projects that can be delivered through this initiative going forward to reduce the overall public sector property cost.

Local Government Transparency Code 2014 places a requirement on local authorities to publish and make available to local people data held and managed by the authorities. This includes data regarding the local authorities' assets.

Corporate Level

Protection of key front line services, which will require better alignment of asset provision to service delivery to reduce operational costs and achieve additional income or efficiencies. This will necessitate greater shared use of premises, both within the Council and other organisations and targeted investment to improve retained space, where it will result in demonstrable improvements in service delivery.

Reducing level of maintenance backlog. The Council as part of its asset review will undertake a full maintenance review. Maintenance backlog can be decreased in certain areas, through investment and the sale of surplus assets, which means existing resources can be invested in the retained assets. Without investment it is expected that the situation could worsen over the next 3 - 5 years unless capital funding is identified through further asset rationalisation.

Maintaining existing income levels from the Council's non-operational estate. The income stream derived from the investment property is good. Without a robust repairs programme the portfolio could lose value and influence (as a potential catalyst for stimulating regeneration and redevelopment schemes). Proposals will be developed to review the estate and identify the necessary investment to create a more economically viable portfolio leading to a reduction in management costs. In order to deliver this it may require upfront funding to facilitate the rationalisation of the estate and in certain circumstances investment in the actual assets to improve their condition which in turn will increase their value and marketability.

Capital Receipts. The Capital Programme remains dependent on the use of retained and new capital receipts from the sale of surplus assets. A draft property review programme will be put in place in the new financial year to look at the use of all assets. This is however a finite resource and the amount of future disposals which are not linked to a particular initiative and which therefore can be used as a "free" receipt is relative low in both numbers and value at present. New opportunities to generate capital receipts will continue to be explored and progressed.

Assets are monitored to ensure a more strategic and joined up approach to the maximisation of capital receipts, sweating of assets, revenue income opportunities, targeted acquisitions and delivery planning and resourcing.

Local Plan. As a significant landowner in the Borough the Council put forward sites in response to The Call for Sites as part of the Local Plan process. This document is a key strategic document for the Council and provides an opportunity for the Council (as landowner) to reconsider its asset base and seek to ensure its assets support the Health, Leisure and Wellbeing; Housing, economic and regeneration agenda.

Capital Investment. Details of the planned capital investment in the authority's assets are set out in the Capital Programme. Opportunities for future investment and access to external funding in support of the Council's assets will continue to be sourced. New capital bids will be considered on a case by case basis and prioritised when funding becomes available.

4. STRATEGIC INVESTMENT PLAN

The Council is committed to use its asset base to deliver key strategic priorities of the Community Strategy and Corporate Plan. As part of that process individual assets and where applicable land receipts could be aligned to specific pledges.

Housing – a variety of initiatives will be reviewed to support our quality housing commitments using appropriate design principles, including:

- Self Development – The Council seek options on its own land to fund and develop itself to create the right product according to housing needs whether that be affordable, elderly care or supported living.
- Stand-alone disposals of surplus land - where there is a compelling argument for the competitive marketing of the site will help both drive up values and the improve the mixed tenure of the housing product of housing.

- Strategic Housing Delivery Partnership – the Council will continue to work with borough wide housing providers to provide appropriate accommodation through land or financial investment to generate long term income returns in the form of rent and Council Tax.

Health, Leisure and Well-being – The Council will continue to develop its health, leisure and wellbeing agenda across the borough through the delivery of the following projects. Investment into quality assets and surrounding open environments will promote positive health and wellbeing.

- Green Links to connect communities across the borough encouraging physical activity and reducing car related journeys thus contributing to improved air quality.
- Investment in leisure campuses. Initial consultation on the Leyland Campus proposals are due to commence as the first phase of a borough wide initiative to improve the leisure offer across the Council.
- Parks and Open Spaces will be improved and developed as part of a borough wide initiative to be developed and brought forward for approval
- Green assets such as Worden Park will be developed and improved to make more financial sustainable whilst improving customer experience.

Business and Enterprise - the Council will either self-develop sites or continue to assist partners with major employment sites across the borough to bring forward employment and growth opportunities. Two significant examples being the sites at Cuerden and the Enterprise Zone at Samlesbury. These sites would generate significant business rate growth to assist with the Council's Financial Sustainability.

Vehicles – The Council will ensure that its vehicle fleet is fit for purpose to the services provided. Working with the service employees on developing a strategic acquisition programme for replacements that deliver services in a more effective and efficient means.

Corporate Property and Systems– The Council continues to develop its own corporate property and IT infrastructure to generate efficiencies. Following the example of DWP being located in the Civic Centre the council will continue to identify other public sector bodies to work in partnership with. It will use its digital strategy with agile working and paperless office developments to create better utilisation of space which can be rented to third parties or public sector partners.

5. FUNDING & DELIVERY OPTIONS

If the Council is to invest in its asset base in the future it will need to consider alternative and innovative solutions to supplement more traditional funding sources as part of the resourcing strategy. All of the options listed below will continued to be looked at and where appropriate business cases will be prepared to develop these further.

- **Use of Specific Capital Allocations** – in relation to Housing, Sport & Leisure, disabled facilities grant etc.
- **Capital Receipts** – the Council will continue to take a structured approach to the release of sites to ensure it maximises land values whilst at the same time dispose of problematic sites.

- **Strategic Investment opportunities** – where there is a robust economic case and a prudent sustainable payback period / income stream using sustainable resources so investments can be made into Land and Property, Housing, Transformational or Business Support Projects.
- **Asset transfer** - to third parties & community organisations, in particular where organisations can continue to take over and provide services currently or previously delivered by the Borough or County Council.
- **Securitisation against LCC Assets and/or Covenant** –the gross value and Net Book value of the Council’s land and property are £42.285m and £28.147m respectively This, coupled with the strength of covenant local authorities can secure favourable lending/lease terms, meaning that investors, institutional funders, pension funds etc may be prepared to work with the Council and look at a number of financial options using the authority assets and/or its covenant as security to provide up front cash and/or longer term income stream. Options are being looked which will be subject to a full financial appraisal, notably in respect of the required rate of return and the risk profile.
- **Charitable & Heritage Trusts**
- **Shared accommodation** and/or joint developments with public partners.
- **New Government funding and initiatives in partnership with other bodies.**

**SOUTH RIBBLE BOROUGH COUNCIL – CAPITAL AND INVESTMENT STRATEGY
2019/20****PURPOSE**

This report sets out the proposed Capital and Investment Strategy for 2019/20 to be considered by Cabinet on 13th February 2019 and Full Council on 27th February 2019. The capital strategy supports the community strategy, the corporate plan and the key objectives of the Health & Wellbeing agenda.

BACKGROUND

The Capital and Investment Strategy is a new requirement for authorities following the publication of the revised Prudential Code for Capital Finance in Local Authorities in 2017. This statement is part of the Council's wider financial planning framework which supports its Community Strategy and Corporate Plan. The revised Code provides clarity about what the Capital Strategy should contain and its purpose. This Capital and Investment Strategy Statement has been produced in accordance with the latest Guidance.

The Capital Strategy provides a high level overview of how capital expenditure, capital financing and treasury management activity supports the provision of services along with an overview of how associated risk is managed and the implications for future years' budgets and financial sustainability. Consequently, the Capital Strategy maintains a strong link to the Council's priorities, The Treasury Management Strategy, Asset Management Strategy, Digital Strategy and the Medium Term Financial Strategy

The Capital Strategy covers the following key topics:

- The capital programme including the asset management plan
- The extent of commercial activity
- The approach to risk
- Treasury management information
- Other long-term liabilities
- Knowledge and skills

CAPITAL PROGRAMME 2019/20 to 2022/23

The Council's 2019-23 Capital Programme is set out in detail at Appendix E1. In summary the Council is proposing to spend £41.383m over the next 4 years and this is shown in the table below along with the associated financing.

Table 1 – Summary Capital Programme

Corporate Priority	Forecast 2019/20 £'000	Forecast 2020/21 £'000	Forecast 2021/22 £'000	Forecast 2022/23 £'000	Total £'000
HEALTH, LEISURE & WELLBEING	3,788	9,000	8,597	2,420	23,805
PLACE	2,516	2,022	2,022	1,538	8,098
EXCELLENCE & FINANCIAL STABILITY	6,604	1,358	1,205	313	9,480
TOTAL EXPENDITURE	12,908	12,380	11,824	4,271	41,383
FINANCING:					
Grants & Contributions	1,224	1,382	4,382	1,032	8,020
S106	1,190	400	400	400	2,390
Capital receipts	240	240	1,240	1,106	2,826
Revenue Reserves	7,273	200	40	0	7,513
Unfunded/Borrowing	2,981	10,158	5,762	1,733	20,634
TOTAL FINANCING	12,908	12,380	11,824	4,271	41,383

All capital expenditure supports the delivery of Corporate Plan and will either contribute to specific Health, Leisure and Wellbeing, Housing, regeneration focussed objectives or will contribute to the delivery of operational service plans. Based on robust investment requirements identified in service delivery plans, other strategies or the Asset Management Plan.

Capital Appraisal Process

All new capital schemes are subject to a rigorous officer led appraisal process supported by the Councils constitution for decision making. A strategic, outline and full business case will be required for all capital projects as appropriate which:

- identifies the full construction cost on a robust model with scenario tests
- amount and source of any required funding
- is based on full lifetime costing pre, during and post construction
- sets out the planned outcomes and objectives to be delivered
- a clear timescale for delivery and responsible officers
- includes a full financial and delivery risk assessment
- incorporates appropriate due diligence in the form of financial, property and legal scrutiny (including external support when appropriate); and
- identifies the revenue impact in terms of financial affordability.

Subject to limits defined in the constitution, all new capital schemes will require Cabinet approval before they can progress. When the Cabinet approves a new scheme it will be added to the approved Capital Programme. The approved programme is monitored on a quarterly basis and performance reported at regular intervals to cabinet and committee.

Investment funds

The Council may develop through its approved investment funds and reserves new assets or acquire assets in the form of freehold and leasehold properties or make loans where the primary purpose is the pursuit of Health, Leisure and Wellbeing, Housing or regeneration objectives. As such the significant outcome may be more economic rather than a significant financial return, i.e. new jobs, housing or wider health benefit. The Council will ensure that any investment is made on a prudent basis and that any financial return could be considered over a medium or longer term to recover investment costs.

Loans

The Council may use loan funding to support projects where there is a robust self-funded business case. It may also provide short term cash flow support or longer term assistance to third parties via loans, with interest rates being determined through independent appraisal, risk analysis and having regard to State Aid legislation. Authority will be required from Full Council to approve authorised limits for any future borrowing. To manage risk the Council will seek to ensure security through the application of charges on assets or other property (intellectual property rights for instance) or appropriate director guarantees. The credit risk of the loan portfolio will be measured using the “expected credit loss” model as required under accounting standards introduced for local authorities in 2018/19.

Regeneration

Where the Council uses its own or acquire, land, property or housing assets as part of its wider regeneration priorities then it will seek to ensure that projects deliver longer term economic and financial benefits and where possible cover the capital financing costs. With regard to the acquisition of tenanted property the Council will seek to ensure that:

- assets are ideally located in the Borough for local financial and economic return, purchases outside of Borough requiring a more robust business case that protects the investment priorities within the approved Commercial Investment Strategy
- full cost analysis is undertaken on acquisition to include, surveys, purchase, SDLT and other fees.
- asset condition surveys are undertaken to understand and limit future repair and maintenance liabilities, using independent advisors as required.
- full rent analysis has been undertaken and tenants are of sound covenant.
- property appreciation is not factored into the business case
- that the remaining lease period and rent received is sufficient to cover the purchase costs, landlord liability, bad debt provisions and other associated costs. The appraisal to include loss of interest on investments if reserves are used to acquire.
- unless the asset delivers other specific priorities in the corporate plan the minimum rate of return is at least equal to the cost of financing the asset
- that the lease terms include full repairing and insuring provision and that rent review clauses are ideally upward only
- that properties include opportunities for future growth or regeneration with the associated cash benefits to the Council in the form of business rate, council tax, rent or interest growth.

Capital Financing

Wherever possible the capital programme will utilise internal funds and investment reserves to maximise external funding provided either by central government capital grant or other third party contributors (e.g. developers or other public sector agencies such as the Homes England, Sport England etc). Whilst grants and other contributions will reflect government and partner-led priorities (such as support for those with disabilities or health issues) they will nevertheless be deployed to address priority needs in the Borough.

However, the programme is also reliant on an element of internal or locally generated funding in the form of capital receipts from asset sales, direct revenue funding and prudential borrowing. In more recent years and as a result of central government changes to grant funding, capital investment plans may become increasingly reliant on capital receipts and prudential borrowing.

The Council has a significant land and property estate for operational, health, leisure and wellbeing activity and economic purposes. A review building on existing work undertaken is to be undertaken in the next six months in line with the asset management plan which will identify those assets to be retained, those developed internally and those for wider disposal. The review will reflect a balance of value against return. Where assets are identified as surplus to operational requirements they may be disposed of and the proceeds used to fund new capital expenditure or mitigate future debt. Capital receipts, however, represent a finite funding source and so some may be ring-fenced for associated development or used in such ways as to maximise the achievement of corporate priorities (including revenue efficiencies arising from Capital Receipts Flexibilities) or to finance capital schemes.

The capital programme is funded from a mix of internal and external funds. Borrowings will be used to support invest to save / earn principles to deliver transformational outcomes for the council and its overall budget. All prudential borrowing will be undertaken in full compliance with the CIPFA's Prudential Code which sets out borrowing limits for the year and indicators to measure the affordability and sustainability of the capital programme. Unless there is a fixed future receipt the borrowing costs will include a full minimum revenue provision for the repayment of the principal elements of the debt.

Not all capital schemes will generate a return or deliver operational savings. In this case, the resulting capital financing implications are identified in reports to Cabinet along with the cost to the revenue budget. The revenue implications of capital financing decisions are monitored through the requirements of the Prudential Code. Of the £20.634m prudential borrowing included in the capital programme the majority of the investment will be on the basis of spend to save or earn. The largest element of the borrowing in the programme is against the proposed Leyland Campus project which aims to deliver a more efficient new building that is anticipated to generate greater income to the Council. Further borrowing is applied to Digital Strategy and Vehicle purchases with the aim of reducing operational costs to cover associated debt costs. These will require further cabinet and council reports

ASSET MANAGEMENT PLANNING

The Council's property portfolio consists of a mix of operational property, health, leisure and wellbeing, investment property and property held for regeneration or housing purposes. The Council holds assets for specific reasons:

Operational – to support service provision

Health, leisure and wellbeing – to provide premises and open space for health, leisure and wellbeing of its residents.

Investment funds – to generate short and long term financial returns

Regeneration – to facilitate economic growth and strategic place-shaping

Housing – to provide investment that helps to balance the housing market for tenure, age profile and ownership models.

The Asset Management Plan, included in the Medium Term Financial Strategy, provides a framework through which these assets can be managed. It identifies that a review of the maintenance requirements of assets is required and also those assets that may be surplus can be sold to fund new capital schemes or used as a balanced contribution to wider regeneration or housing initiatives with appropriate green space provision improvements. The Asset Management Plan therefore plays a key role in shaping the Capital Programme in terms of the investment required to ensure that assets contribute to efficient service delivery.

The Council's policy is to dispose of any surplus assets and the current Capital Programme is based on utilising £2.826 million of capital receipts of which £0.826m has already been generated. Disposing of surplus assets will also generate revenue savings associated with the cost of maintaining empty or underused properties. Decisions to dispose of assets at best consideration (subject to delegated limits to officers) are taken by the Cabinet. The capital receipts forecast underpinning the capital programme is as follows:

COMMERCIAL INVESTMENT STRATEGY

A Property Investment Fund property acquisition has been agreed with the aim of generating long term rental income streams. This expenditure has been carried over into the proposed capital programme for 2019/20, financed from internal reserves.

These funds will be utilised across a wider remit to deliver long term financial benefits so could see projects being brought forward to support employment, housing and commercial return. The income generated from the acquisitions will support the operating expenditure, reinstatement of the reserves and management costs of the properties with any surplus available to help fund Council services. In consideration of this investment the Council will identify the wider impacts through data management of its decisions such as reducing unemployment and the impacts of benefits and Council Tax

With any capital investment governance and due diligence are of paramount importance. In this respect a review of governance will confirm or amend the approval processes. The Councils agreed Commercial Property Investment Strategy has due regard to the Council's risk appetite, the criteria for project appraisal including financial return, risk assessment and location of properties. The Strategy recognises the risk that investment performance is not guaranteed and aims to limit this risk by following set criteria for purchase and due diligence of the properties and prospective tenants. Income streams

can be either short term capital receipts or longer term revenue benefits. The Commercial property Investment strategy has been previously approved and subject to future decisions on specific investments.

There are a number of key risks associated with property acquisitions. Some of these risks have already been referred to in the section on Investments and Loans, however, there are additional risks associated with a purely commercial property acquisition strategy; these include:

- the extent to which commercial income supports the revenue budget. Over-reliance on commercial income will have a significant impact if those income streams are reduced.
- Proportionality or the size of the commercial investment portfolio in relation to the Council's other asset classes on the Balance Sheet.
- capital depreciation arising from a downturn in economic conditions and which debt costs will be based on the higher purchase cost of assets.
- economic decline generally which may affect both income streams and capital values.
- decision-making arising either from inadequate governance arrangements and / or poor business modelling.

GOVERNANCE FRAMEWORK

The Council's Capital Programme involves the expenditure and financing of £41.383m of capital schemes over the period 2019/20 to 2022/23. It is important therefore given the risks surrounding capital projects that appropriate governance arrangements are in place. For the Council these governance arrangements encompass:

- The Capital Strategy Statement and the Medium Term Capital Programme are approved annually at Cabinet and Full Council.
- Cabinet will be in receipt of reports to approve schemes and their funding
- The Governance and Scrutiny Committees are responsible for scrutinising the Capital Programme and the associated Cabinet Reports.
- The Leadership Team has overall responsibility for the management and monitoring of the Capital Programme.
- Officers will engage with all members in the consultation process of approving schemes and their expenditure.
- The Constitution (including Financial Regulations, the Scheme of Delegation and Contract Standing Orders) which sets out the powers of the Executive and Senior Officers with regard to capital expenditure
- Each quarter the Scrutiny Committee will receive a capital monitoring report which identifies any variation to the approved programme arising either from the re-phasing of schemes, changes in resource availability and requirements and new capital schemes
- All capital expenditure is guided by the Council's financial accounting framework which ensures that only expenditure that properly falls as capital expenditure in accordance with accounting convention is capitalised
- The Capital Programme is subject to both Internal and External Audit scrutiny

TREASURY MANAGEMENT

The Treasury Management Policy Statement attached to this Medium Term Financial Strategy is produced annually and approved by the Council as part of the budget setting process.

The Treasury Management Policy Statement and the Capital Strategy are closely linked. The Capital Programme identifies the funding needs of the Council over a medium term period. The Treasury Management Policy Statement considers these longer term cash flow needs and sets out how the Council will manage these cash requirements. This may involve arranging investments and loans taking decisions on whether they should be short or long term having regard to prevailing and forecast interest rates. The Treasury Management Policy Statement will also consider the Council's cash surpluses and how these should be managed. At times it may be beneficial to defer borrowing and use these cash surpluses to avoid lending and thereby save paying interest costs. The Council has successfully pursued a policy of internal borrowing using its cash surpluses whilst simultaneously keeping a close watch over interest rates for signs that they may increase. In terms of increasing interest rates the Council will continue to monitor markets in relation to investing surplus cash against the requirements of the capital programme expenditure.

Borrowing Limits

The Capital Programme assumes a level of borrowing that will need to be taken out to fund the overall programme. The Council will continue to seek alternative funding sources to mitigate borrowing. In the event of having to borrow the Council will seek to maximise spend to save / earn opportunities such that debt repayment is covered from service efficiency or new income streams.

In the event the council enters into external borrowing requirements the Prudential Code requires authorities to set two limits at its Full Council meeting for external debt each year:

- 1) **Authorised limit** - this represents the maximum limit for external debt, including PFI liabilities, taking account of fluctuations in day to day cash requirements
- 2) **Operational Boundary** - this limit is based on the authority's estimate of most likely amount of borrowing required. The Council is currently not borrowing as a result of pursuing an internal borrowing policy for the last few years to reduce financing costs.

Minimum Revenue Provision

The Council has a statutory requirement to set aside a prudent amount each year as a provision for the repayment of debt, known as the Minimum Revenue Provision (MRP). The amount to be set aside as MRP is governed by statutory guidance, however in practice it is left for each authority to determine what a prudent amount should be. The Council calculates MRP broadly in relation to the expected life of the assets being funded from borrowing either internally or externally; any detailed MRP Strategy to be approved by the Council will set out the full policy.

Financial (Treasury Management) Investments

When the Council has surplus cash this may be invested to earn a return. The Treasury Management Policy Statement sets out how the Council manages risk associated with its

investments. Investments are anticipated to be £35 million at the end of 2018/19. Beyond this date it is difficult to predict what investments may be held as that will depend on what happens to the interest rates and how the Council intends to spend its reserves and other unallocated funds.

The Council may decide to invest in other models to deliver its strategic outcomes. Additional reports will be presented at the time decisions will need to be made.

Governance

Treasury Management activity is governed by the requirements of the CIPFA Treasury Management Code. The Council complies with all aspects of the Code; an annual Strategy Statement is approved by Full Council as part of the budget setting process, a mid-year update report is provided to Governance Committee and an outturn report produced in June. The Governance Committee is responsible for the oversight and governance of all Treasury Management activity.

APPROACH TO MANAGING RISK

Risk is inherent with any investment or commercial activity and whilst it cannot be entirely eliminated the Council can adopt a strategic approach to its management by establishing a clear policy setting out what risk level it is prepared to tolerate. This will be the Council's risk appetite. The Council's risk appetite is to balance risk and return in pursuit of its corporate objectives. In this way the Council has an understanding of the adverse aspects of risk and can take steps to mitigate it when making decisions.

It should be noted, however, that the risk referred to in the Capital Strategy is only one part of the Council's overall risk management arrangements and needs to be seen in the context of the overall risk management framework, the governance arrangements and the monitoring and reporting procedures. With regard to general risks the Council produces a Corporate Risk Register and to manage risk capacity has reserves. Other key business risk alignment processes include: the MTFs, internal audit, budget setting and monitoring framework, treasury management arrangements, performance management framework, and external audit.

The Council is exposed to a number of investment and commercial risks:

- **Financial** risk relating to the investment of cash, market volatility, currency markets. Transparent decisions will be made utilising appropriate due diligence. The council will apply the principles of Security, Liquidity and Yield with all investments. The Council has no appetite for volatile, currency or high risk markets.
- **Economic** risk relating to whether the local / national economy is growing or contracting. The Council will have a balanced approach for this area allocating funds to employment, housing and property investment. Some projects will yield good financial returns with others less so whilst creating economic growth. There is little appetite for projects that have identified interest rate and inflationary pressures.
- **Counterparty** risk relating to investments, loans to third parties and business transactions based on robust due diligence and Treasury policy management.
- **Operational** the Council have a low appetite for risk arising from transactions, service delivery, IT security, etc

- **Strategic** risk relating to the decisions taken by the Council in pursuit of its corporate objectives identified in the Corporate Plan, i.e. the purchase of major new assets including vehicles for service delivery.
- **Reputational** the Council has no appetite for risk relating to the adverse impact of the Council's dealings
- **Environmental and social** the Council has no appetite to risks arising from the adverse impacts of its investment.
- **Governance** risk relating to the transparency and accountability of decisions and decision-makers.

KNOWLEDGE AND SKILLS

Both the Capital Programme and the Treasury Management Strategy are managed by teams of professionally qualified accountants with considerable experience of local government finance. Officers maintain and develop their skills and knowledge through a programme of Continuous Professional Development and by attending various courses and conferences held by CIPFA and other sector experts on an on-going basis.

The Deputy Chief Executive in his capacity as Section 151 Officer is also a professionally qualified accountant. The Section 151 Officer has the overall responsibility for ensuring the proper management of the Council's finances including the Capital Programme, Asset portfolio and Treasury Management activity.

The property elements of the programme are also led by a group of professionally qualified officers including RICS supported by external advisors to ensure valuation and rental values are appropriately assessed.

The Governance Committee is the body which oversees all aspects of the Capital Strategy. Internal and external training is to be made available to Members of the Committee to ensure that they have the skills and understanding required to make capital and treasury decisions.

When required internal skills and knowledge will be supplemented by external advisors. For example, the Council uses LINK Asset Services to provide advice on Treasury Management issues.

CAPITAL STRATEGY 2019/20 to 2023/24

Corporate Priority / Scheme Name	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	TOTAL
HEALTH, LEISURE & WELLBEING					
Green Links					
Shruggs Wood	200,000	-	-	-	200,000
Worden Park Playground (s106)	170,000	-	-	-	170,000
Green Links Programme to be developed	375,000	500,000	500,000	500,000	1,875,000
Exisiting Built Assets					
Built aset programme to be developed	142,000	500,000	500,000	500,000	1,642,000
Hurst Grange Park	7,852	-	-	-	7,852
Penwortham Holme Pavillion	120,000	-	-	-	120,000
Withy Grove Park & Toilets	54,773	-	-	-	54,773
Worden Craft Units - Infrastructure upgrade	10,843	-	-	-	10,843
Worden Hall - repairs / works to enable increased activity	150,000	-	-	-	150,000
Worden Park - Toilet facilities	10,000	-	-	-	10,000
Sport and Leisure					
New Leisure Campus Facility	1,400,000	6,000,000	6,000,000	1,420,000	14,820,000
Sport Pitch Hubs, programme to be developed	1,000,000	2,000,000	1,596,602	-	4,596,602
Lostock Hall Football Facility (s106)	147,500	-	-	-	147,500
	3,787,968	9,000,000	8,596,602	2,420,000	23,804,570
PLACE					
Affordable Housing (s106), Programme to be developed	300,000	400,000	400,000	400,000	1,500,000
Disabled Facilities Grants	723,183	632,000	632,000	632,000	2,619,183
Masterplanning & Regeneration programmes	500,000	750,000	750,000	400,000	2,400,000
New Longton regeneration	75,000	-	-	-	75,000
Private Sector home improvement grants	240,000	240,000	240,000	105,866	825,866
Site Conversion at Station Road, Bamber Bridge (s106)	572,965	-	-	-	572,965
St Mary's, Penwortham - Churchyard wall repairs	105,000	-	-	-	105,000
	2,516,148	2,022,000	2,022,000	1,537,866	8,098,014
EXCELLENCE & FINANCIAL STABILITY					
Corporate Buildings / Asset Management Planning	404,400	150,000	100,000	100,000	754,400
Information Technology Programme - Digital Strategy	200,000	200,000	200,000	200,000	800,000
Asset Investment Fund	4,550,000	-	-	-	4,550,000
Vehicles and Plant replacement programme	1,450,000	1,008,000	905,000	13,000	3,376,000
	6,604,400	1,358,000	1,205,000	313,000	9,480,400
Expenditure Total	12,908,516	12,380,000	11,823,602	4,270,866	41,382,984
Capital Financing					
Grants - DFG	723,183	632,000	632,000	632,000	2,619,183
City Deal	500,000	750,000	750,000	400,000	2,400,000
External Contributions/Grants	-	-	3,000,000	-	3,000,000
Section 106 - Affordable Housing	872,965	400,000	400,000	400,000	2,072,965
Section 106 - Other	317,500	-	-	-	317,500
Capital Receipts - RTB Clawback	240,000	240,000	240,000	105,866	825,866
Capital Receipts - New	-	-	1,000,000	1,000,000	2,000,000
Use of Revenue Reserves:					
Transformation Reserve	200,000	200,000	40,000	-	440,000
Borough Investment Reserve	4,550,000	-	-	-	4,550,000
Capital Reserve	2,523,334	-	-	-	2,523,334
Borrowing	2,981,534	10,158,000	5,761,602	1,733,000	20,634,136
Financing Total	12,908,516	12,380,000	11,823,602	4,270,866	41,382,984

Capital Programme 2019/20 to 2022/23

The current capital programme for 2018/19 as identified in the second quarter report is highlighted in the table below. An element of project review has been undertaken and certain projects have been carried forward into the 2019/20 programme. The quarter three report will update members in due course.

Forecast Capital Programme 2018/19 £,000's	Original Budget & Slippage	Allocations & additional approvals	Current Budget	Forecast Outturn	Forecast Over / (Under) spend	Re-phasing (to) / from 2019-20	Over / (Under) - spend
Health, Leisure and Wellbeing	2,576	(30)	2,546	919	(1,627)	(1,599)	(28)
Place	1,784	274	2,058	920	(1,138)	(890)	(248)
Excellence and Financial Stability	4,142	1,086	5,228	1,059	(4,169)	(4,165)	(4)
Expenditure Total	8,502	1,330	9,832	2,898	(6,934)	(6,654)	(280)
Capital Financing							
Grants	810	66	876	757	(119)		
City Deal	141	100	241	49	(192)		
External Contributions	21		21	4	(17)		
Section 106	684	108	792	40	(752)		
Revenue Budgets	11		11		(11)		
Capital Receipts	450		450	1,152	702		
Borough Investment Reserve	2,500	1,048	3,548		(3,548)		
Capital Reserve	1,417	8	1,425	896	(529)		
Borrowing	2,468		2,468		(2,468)		
Financing Total	8,502	1,330	9,832	2,898	(6,934)		

Programme Bids

Table 1 below gives an indicative Capital Programme for 2019/20 onwards based on current information on schemes and funding. The capital programme is subject to continuous change as new resources and projects are identified especially contributions through S106 and other external funds, and will be updated throughout the year. In addition, other major regeneration and Health and Wellbeing projects will be brought forward to Cabinet and Council for approval.

Table 1 – Indicative 2019/20 to 2022/23 Capital Programme

Corporate Priority	Forecast 2019/20 £'000	Forecast 2020/21 £'000	Forecast 2021/22 £'000	Forecast 2022/23 £'000	Total £'000
HEALTH, LEISURE & WELLBEING	3,788	9,000	8,597	2,420	23,805
PLACE	2,516	2,022	2,022	1,538	8,098
EXCELLENCE & FINANCIAL STABILITY	6,604	1,358	1,205	313	9,480
TOTAL EXPENDITURE	12,908	12,380	11,824	4,271	41,383
FINANCING:					
Grants & Contributions	1,224	1,382	4,382	1,032	8,020
S106	1,190	400	400	400	2,390
Capital receipts	240	240	1,240	1,106	2,826
Revenue Reserves	7,273	200	40	0	7,513
Unfunded/Borrowing	2,981	10,158	5,762	1,733	20,634
TOTAL FINANCING	12,908	12,380	11,824	4,271	41,383

All future capital schemes will be subject to a robust appraisal and approval process outlined in the Capital and Investment Strategy that will ensure the programmes of works meets key priorities of the Community Strategy and Corporate plan, are financially affordable, have a robust procurement strategy and delivery timetable. These projects will be subject to Cabinet and/or Council approvals and scrutiny at appropriate Committees.

Further projects and programmes may need to be approved prior to the new financial year. These will be incorporated into the regular monitoring reports after gateway approval.

Funding the Programme

The table above also highlights the means in which this programme is to be funded

The programme is funded on the assumption Government department grants are allocated to the relevant programmes. It also reflects investments to deliver key priorities around the Health Leisure & Wellbeing agenda.

The Council will continue to seek and secure further additional private and grant resources where possible to both reduce ongoing borrowing and revenue implications and to enhance the overall programme. The constitution will be reviewed for approval processes on the capital programme to improve delivery and outcomes.

Capital receipts are based on actuals received and an indicative target for a disposal programme of vacant land and property as advised by the Asset Management Plan. Those receipts generated will contribute towards the funding of the capital programme, fund service transformational change or to offset unsupported borrowing and therefore reduce the ongoing revenue implications.

The reserve contributions are those identified for strategic property investments and other transformational improvements.

Significant future grant allocations are anticipated through Sport England for health and wellbeing projects and the ongoing allocation of Disabled Facilities Grants.

The current programme shows a level of unsupported borrowing, which is being used in the main to fund a proposed Leyland Campus including infrastructure investment and improved service delivery. Details of the major schemes are included in the analysis below. The increased cost of borrowing is reflected in the revenue estimates and takes into account the returns generated in the form of efficiencies, rental income, and or loan returns. The benefits generated are anticipated to exceed the debt costs and contribute to the Council's overall budget position. Further income and benefits outside of the appraisal process include growth in business rate, council tax, employment opportunities reducing reliance on benefits and economic growth.

Future projects funded from borrowing will need to evidence full pay back or generate surpluses over the lifetime and focus on those schemes that deliver the Corporate Plan priorities. Each project will be subject to appraisal and a gateway approval process before Cabinet and/or Council approval. The capital programme will evolve in the year and regular updates will be provided.

Overview of Strategic Programme areas;

Health, Leisure and Wellbeing

- Green Link, park and open space improvements funded by specific existing section 106 agreements. Spend profile will reflect those receipts already in the reserves and new amounts only progressing on the basis of new housing developments commencing. A full review of S106 will take in the first six months of the financial year with a further paper presented to Cabinet.
- The programme also includes a number of improvements to existing built assets and public facilities to tackle maintenance issues and improve the quality of service provision. Particular emphasis on Worden Hall and park improvements designed to increase levels of activity and utilisation.
- Proposed Leyland Campus and other sports facilities outlined in report to Cabinet on the 25th January 2018. Subject to public consultation and planning the capital forecasts make allowance for the construction of new Leisure Campus including an estimate of third party grant contributions that could be received to fund the project. Along with sports pitch improvements the programme includes the Lostock Hall Football facility project funded by S106

Place

- Building on the S106 review the Council will bring forward proposals to utilise its own resources for affordable housing and support for private sector regenerations schemes. The aim of the programme to provide housing that satisfies a balanced approach to tenure, age related provision and ownership.
- The Council will continue to work with other providers and individuals to provide a robust disabled facilities grant scheme.

- The programme includes the conversion of the vacant former council offices in Station Road, Bamber Bridge into affordable housing units with office space on the ground floor.

Excellence and Financial Sustainability

- Corporate buildings investment to increase utilisation of property, create third party income and deliver operational efficiencies.
- A report will be presented to cabinet regarding the medium term digital strategy. This will review all existing systems seeking to drive efficiency through Information Technology, paperless office and utilisation of data. The programme will also review IT hardware to increase agile working for front line services enabling officers to work off site and or directly with customers.
- The Council has already approved an investment fund for the acquisition of commercial property for income generation and or economic growth. New approvals will be taken forward within the decision making process when opportunities arise to acquire property after a robust due diligence exercise.
- To ensure robust and efficient front line service delivery of environmental services the Council has a planned vehicle replacement policy. During the procurement process the council will consult with the front line operators to ensure that the most efficient and environmental friendly vehicles are acquired using a robust appraisal process. The council will consider all fuel options including diesel, compressed natural gas, petrol or electric in its decisions.

CAPITAL STRATEGY 2019/20 to 2023/24

Corporate Priority / Scheme Name	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	TOTAL
HEALTH, LEISURE & WELLBEING					
Green Links					
Shruggs Wood	200,000	-	-	-	200,000
Worden Park Playground (s106)	170,000	-	-	-	170,000
Green Links Programme to be developed	375,000	500,000	500,000	500,000	1,875,000
Existing Built Assets					
Built asset programme to be developed	142,000	500,000	500,000	500,000	1,642,000
Hurst Grange Park	7,852	-	-	-	7,852
Penwortham Holme Pavillion	120,000	-	-	-	120,000
Withy Grove Park & Toilets	54,773	-	-	-	54,773
Worden Craft Units - Infrastructure upgrade	10,843	-	-	-	10,843
Worden Hall - repairs / works to enable increased activity	150,000	-	-	-	150,000
Worden Park - Toilet facilities	10,000	-	-	-	10,000
Sport and Leisure					
New Leisure Campus Facility	1,400,000	6,000,000	6,000,000	1,420,000	14,820,000
Sport Pitch Hubs, programme to be developed	1,000,000	2,000,000	1,596,602	-	4,596,602
Lostock Hall Football Facility (s106)	147,500	-	-	-	147,500
	3,787,968	9,000,000	8,596,602	2,420,000	23,804,570
PLACE					
Affordable Housing (s106), Programme to be developed	300,000	400,000	400,000	400,000	1,500,000
Disabled Facilities Grants	723,183	632,000	632,000	632,000	2,619,183
Masterplanning & Regeneration programmes	500,000	750,000	750,000	400,000	2,400,000
New Longton regeneration	75,000	-	-	-	75,000
Private Sector home improvement grants	240,000	240,000	240,000	105,866	825,866
Site Conversion at Station Road, Bamber Bridge (s106)	572,965	-	-	-	572,965
St Mary's, Penwortham - Churchyard wall repairs	105,000	-	-	-	105,000
	2,516,148	2,022,000	2,022,000	1,537,866	8,098,014
EXCELLENCE & FINANCIAL STABILITY					
Corporate Buildings / Asset Management Planning	404,400	150,000	100,000	100,000	754,400
Information Technology Programme - Digital Strategy	200,000	200,000	200,000	200,000	800,000
Asset Investment Fund	4,550,000	-	-	-	4,550,000
Vehicles and Plant replacement programme	1,450,000	1,008,000	905,000	13,000	3,376,000
	6,604,400	1,358,000	1,205,000	313,000	9,480,400
Expenditure Total	12,908,516	12,380,000	11,823,602	4,270,866	41,382,984
Capital Financing					
Grants - DFG	723,183	632,000	632,000	632,000	2,619,183
City Deal	500,000	750,000	750,000	400,000	2,400,000
External Contributions/Grants	-	-	3,000,000	-	3,000,000
Section 106 - Affordable Housing	872,965	400,000	400,000	400,000	2,072,965
Section 106 - Other	317,500	-	-	-	317,500
Capital Receipts - RTB Clawback	240,000	240,000	240,000	105,866	825,866
Capital Receipts - New	-	-	1,000,000	1,000,000	2,000,000
Use of Revenue Reserves:					
Transformation Reserve	200,000	200,000	40,000	-	440,000
Borough Investment Reserve	4,550,000	-	-	-	4,550,000
Capital Reserve	2,523,334	-	-	-	2,523,334
Borrowing	2,981,534	10,158,000	5,761,602	1,733,000	20,634,136
Financing Total	12,908,516	12,380,000	11,823,602	4,270,866	41,382,984

Treasury Management Policy Statement 2019/20

19. PURPOSE OF THE REPORT

To present the Prudential and Treasury Indicators and Treasury Management and Investment Strategies for 2019/20 to 2022/23, and the Minimum Revenue Policy Statement for 2019/20.

20. BACKGROUND TO THE REPORT

20.1 For each financial year the City Council sets a balanced budget so that cash income raised during the year is sufficient to meet all of its cash expenditure commitments. One of the key functions of the City Council's treasury management activity is to ensure that these cash flows are effectively managed, so that cash is available when it is needed. Surplus cash is invested having regard to risk, liquidity and yield.

20.2 A further key function of the treasury management activity is to ensure that the City Council has sufficient funds to pay for its capital and other investment plans. These capital plans, which are set out in the Capital Programme, identify the borrowing needs of the City Council over a longer time horizon than the current year. In managing its longer term cash flow requirements for capital expenditure the City Council will take out loans or alternatively use its cash flow surpluses in lieu of external borrowing. This latter practice is referred to as "internal borrowing". In managing its loans, it may at times be advantageous for the City Council to repay or restructure its borrowings to optimise interest payments or achieve a balanced debt portfolio.

20.3 Having regard to these activities, the Chartered Institute of Public Finance and Accountancy (CIPFA) defines treasury management as:

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

20.4 As treasury management decisions involve borrowing and investing substantial sums of money, the City Council is exposed to potentially large financial risks, including the loss of invested funds and the revenue effect of changing interest rates. The identification, control and monitoring of risk are therefore integral elements of treasury management activity.

20.5 The Treasury Management Policy Statement for 2018/19 is based upon the Chief Finance Officer and Treasury Officers' views on interest rates supplemented by leading market forecasts. The policy statement covers:

- a) The policy for managing capital borrowing and debt rescheduling
- b) The annual investment strategy for treasury management investments
- c) Reporting arrangements
- d) Training arrangements
- e) Performance indicators
- f) Minimum Revenue Provision (MRP) Policy
- g) Use of treasury management advisors

- 20.6 Council of 28 February 2018 approved the Treasury Management Strategy for 2018/19, including Prudential and Treasury Indicators, the Treasury Management and Investment Strategies, and the annual Minimum Revenue Provision (MRP) Policy Statement for 2018/19. Treasury Management activities during the year have been overseen by the Governance Committee.
- 20.7 Council of 5 December 2018 approved amendments to the list of Investment Counterparties to include Low Volatility Net Asset Value (LVNAV) Money Market Funds (MMFs), and to increase the limit per UK local authority, bank or building society from £5m to £6m. No changes to Investment Counterparties and limits are proposed in this report.
- 20.8 This report updates Prudential and Treasury Indicators for financial years 2018/19 to 2022/23. It presents updated Treasury Management and Investment Strategies, including a revised list of Investment Counterparties, and proposes the Minimum Revenue Policy Statement for 2019/20.

21. TREASURY MANAGEMENT STRATEGY 2019/20

21.1 The strategy for 2019/20 covers two main areas:

Capital issues

- the capital plans and the Prudential Indicators;
- the Minimum Revenue Provision (MRP) policy.

Treasury management issues

- the current treasury position;
- Treasury Indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- the policy on use of external service providers.

21.2 These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, MHCLG MRP Guidance, the CIPFA Treasury Management Code, and MHCLG Investment Guidance.

21.3 On 2 February 2018 The Ministry of Housing, Communities & Local Government issued its Statutory Guidance on Local Government Investments (3rd edition) and Statutory Guidance on Minimum Revenue Provision.

22. TRAINING

22.1 The CIPFA Code requires the Responsible Officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Training will be provided on the implications of the revised CIPFA Prudential and Treasury Management Codes, and the revised MHCLG Investment Guidance and MRP Guidance.

22.2 The training needs of treasury management officers are reviewed periodically. Both CIPFA and Link Asset Services provide workshops and seminars.

23. TREASURY MANAGEMENT CONSULTANTS

23.1 The Council uses Link Asset Services, Treasury solutions as its external treasury management advisors. The advisors provide access to specialist skills and resources including

- Technical support on treasury matters and capital finance issues.
- Economic and interest rate analysis.
- Debt services, which includes advice on the timing of borrowing.
- Debt rescheduling advice surrounding the existing portfolio.
- Generic investment advice on interest rates, timing and investment instruments.
- Credit ratings/market information service comprising the three main credit rating agencies.

23.2 The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

23.3 The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

24. CAPITAL PRUDENTIAL INDICATORS 2019/20 – 2022/23 AND MRP STATEMENT

24.1 The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

24.2 Capital expenditure

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle.

Table 1 - Capital Expenditure	2018/19	2018/19	2019/20	2020/21	2021/22	2022/23
	Estimate £000	Revised £000	Estimate £000	Estimate £000	Estimate £000	Estimate £000
Health, Leisure & Wellbeing	1,950	919	3,788	9,000	8,597	2,420
Place	1,374	920	2,516	2,022	2,022	1,538
Excellence & Financial Stability	3,350	1,059	6,604	1,358	1,205	313
Carried forward from 2017/18 programme	1,477	0	0	0	0	0
Total direct capital expenditure	8,151	2,898	12,908	12,380	11,824	4,271
Additional finance lease liability	104	103	0	0	0	0
Capital Expenditure Total	8,255	3,001	12,908	12,380	11,824	4,271

The table below summarises the above capital expenditure plans identified in the Capital & Investment Strategy and the Capital Programme and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a borrowing requirement.

Table 2 - Capital Financing	2018/19	2018/19	2019/20	2020/21	2021/22	2022/23
	Estimate	Revised	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000	£000
Capital expenditure from Table 1	8,255	3,001	12,908	12,380	11,824	4,271
Capital Receipts	(450)	(1,152)	(240)	(240)	(1,240)	(1,106)
Grants & Contributions	(1,394)	(849)	(2,414)	(1,780)	(4,782)	(1,432)
borrowing need (the Capital Financing Requirement)						
Revenue and Reserves	(3,839)	(897)	(7,273)	(200)	(40)	0
Net financing needed for year	2,572	103	2,981	10,158	5,762	1,733

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

The CFR does not increase indefinitely, as the Minimum Revenue Provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each assets life, and so charges the economic consumption of capital assets as they are used.

The CFR includes any other long-term liabilities (finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility by the lease provider and so the Council is not required to separately borrow for these schemes:

Table 3 - Capital Financing Requirement	2018/19	2018/19	2019/20	2020/21	2021/22	2022/23
	Estimate	Revised	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000	£000
Opening CFR	4,722	4,626	3,843	5,989	15,125	19,677
Net financing need for the year (Table 2)	2,572	103	2,981	10,158	5,762	1,733
Less MRP/VRP	(934)	(886)	(835)	(1,022)	(1,210)	(1,688)
Closing CFR	6,360	3,843	5,989	15,125	19,677	19,722

24.3 Minimum Revenue Provision (MRP)

The Council has a statutory requirement to set aside each year part of their revenues as a provision for the repayment of debt, called the Minimum Revenue Provision (MRP). The provision is in respect of capital expenditure incurred in previous years and which has been financed by borrowing.

The statutory requirement per the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 [SI 2008/414] is for each local authority to determine an amount of MRP which it considers to be "prudent".

As "prudence" is not defined in the regulations, the MHCLG had issued accompanying statutory guidance (2012) which explained that the broad aim of a "prudent provision" is to ensure that the debt is repaid over a period that is either, reasonably commensurate with the period over which the capital expenditure provides benefit, or, in the case of borrowing supported by formula grant, reasonably commensurate with the period implicit in the

determination of that grant. Each authority must determine what they consider is a prudent amount while having regard to the guidance.

The guidance also recommends that each local authority prepare an annual statement of its strategic policy on making MRP, to be approved by the full Council. A variety of options are provided to councils in the regulations, so long as there is a prudent provision.

For capital expenditure incurred before 1 April 2008 Option 1 is applied

This provides for local authorities to continue to calculate MRP in line with the minimum existing statutory charge of 4% of outstanding debt related to supported borrowing only, less an adjustment that ensures consistency with previous capital regulatory regimes no longer in force.

From 1 April 2008 for all unsupported borrowing (finance leases) the MRP policy will be Option 3 – Asset Life Method

This method is appropriate for calculating MRP in relation to debt incurred as unsupported borrowing (also known as prudential borrowing), and must be used for revenue expenditure capitalised by direction or regulation. Under this option there are two methods available:

- (Equal instalment method. This generates a series of equal annual amounts over the life of each asset that is financed by borrowing, with the life determined upon acquisition. This means that the charge to revenue closely matches the period of economic benefit of the asset.
- Annuity method. This method links the MRP to the flow of benefits from an asset where the benefit is expected to increase in later years.

Under this option, authorities should consider the type of assets that they finance through prudential borrowing, as the type of asset and its useful life may have a significant impact on the level of MRP charged. Where expenditure is capitalised by direction or regulation, the guidance specifies certain maximum lives to be used in the calculation.

Finance Leases and PFI

The guidance indicates that for finance leases and on-balance sheet PFI contracts, the MRP requirement could be met by making a charge equal to the element of the finance lease rental that goes to write down the balance sheet liability under proper accounting practices.

24.4 Affordability prudential indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicator:

Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

Table 4 - Ratio of Financing Costs to Net Revenue Stream	2018/19 Estimate %	2018/19 Revised %	2019/20 Estimate %	2020/21 Estimate %	2021/22 Estimate %	2022/23 Estimate %
Ratio	7.95	5.59	4.96	8.03	9.72	13.14

The estimates of financing costs include current capital commitments and the proposals in the Budget and Capital and Investment Strategy reports. The increasing ratio for the remainder of the budget period reflects the additional level of borrowing required to finance the Council's planned Capital Programme. However, the intention for schemes funded through borrowing is that they will deliver a financial return and therefore ensure the sustainability of the City Council's debt financing costs.

24.5 Core funds and expected investment balances

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.).

Table 5 - Year-End Resources	2018/19 Estimate £000	2018/19 Revised £000	2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000	2022/23 Estimate £000
Core Funds/Working Balances	(27,228)	(38,156)	(30,000)	(25,363)	(21,313)	(17,803)
Under/(over) borrowing (Table 6)	4,073	3,156	2,637	2,050	1,510	577
Expected investments	(23,155)	(35,000)	(27,363)	(23,313)	(19,803)	(17,226)

25. BORROWING

25.1 The capital expenditure plans set out in paragraph 8.2 above provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant Treasury / Prudential Indicators, the current and projected debt positions and the annual Investment Strategy.

25.2 Current portfolio position

25.3 The Council's treasury portfolio position at 31 March 2018, with forward projections, is summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

Table 6 - Portfolio Position	2018/19	2018/19	2019/20	2020/21	2021/22	2022/23
	Estimate	Revised	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000	£000
Debt at 1 April	0	0	0	2,981	13,020	18,167
Other long-term liabilities (OLTL)	749	900	687	371	55	0
Total gross debt 1 April	749	900	687	3,352	13,075	18,167
Expected change in Debt	1,750	0	2,981	10,039	5,147	978
Expected change in OLTL	(212)	(213)	(316)	(316)	(55)	0
Expected change in gross debt	1,538	(213)	2,665	9,723	5,092	978
Gross debt 31 March	2,287	687	3,352	13,075	18,167	19,145
Capital Financing Requirement (Table 3)	6,360	3,843	5,989	15,125	19,677	19,722
Under / (over) borrowing	4,073	3,156	2,637	2,050	1,510	577

25.4 Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2019/20 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes.

25.5 The Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

25.6 Treasury Indicators: limits to borrowing activity

The Operational Boundary. This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

Table 7 - Operational Boundary	2018/19	2018/19	2019/20	2020/21	2021/22	2022/23
	Estimate	Revised	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000	£000
Debt	1,750	0	2,981	13,020	18,167	19,145
Other long-term liabilities	537	687	371	55	0	0
Operational Boundary	2,287	687	3,352	13,075	18,167	19,145

The Authorised Limit for external debt. A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

- This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

Table 8 - Authorised Limit	2018/19	2018/19	2019/20	2020/21	2021/22	2022/23
	Estimate	Revised	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000	£000
Debt	4,750	3,000	5,981	16,020	21,167	22,145
Other long-term liabilities	537	687	371	55	0	0
Authorised Limit	5,287	3,687	6,352	16,075	21,167	22,145

25.7 Maturity structure of borrowing

These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

Table 9 - Maturity Structure of Borrowing		
Maturity structure of fixed interest rate borrowing 2018/19		
	Lower	Upper
Under 12 months	0%	0%
12 months to 2 years	0%	0%
2 years to 5 years	0%	0%
5 years to 10 years	0%	0%
Over 10 years	0%	100%

It is not anticipated that any borrowing will be taken at variable interest rates.

25.8 Control of interest rate exposure

Please see paragraphs 9.9, 10.4 and Appendix B and C.

Appendix C compares the forecast of a year ago with that prepared for the mid-year review, and the current forecast.

25.9 Borrowing strategy

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

Against this background and the risks within the economic forecast, caution will be adopted with the 2019/20 treasury operations. The Deputy Chief Executive – Resources & Transformation (S151 Officer) will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in long and short term rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.*
- *if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.*

Any decisions will be reported at the next available opportunity.

25.10 Policy on borrowing in advance of need

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

26. ANNUAL INVESTMENT STRATEGY

26.1 Investment Policy

The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the CIPFA TM Code"). The Council's investment priorities will be **Security** first, portfolio **Liquidity** second, and only then return (**Yield**).

In accordance with the above guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

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

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

Treasury Management Practice 1 (TMP1) deals with credit and counterparty risk management. In applying this practice, the following limits are relevant:

SPECIFIED INVESTMENTS: All such investments will be sterling denominated, with **maturities up to maximum of 1 year**, meeting the minimum ‘high’ quality criteria where applicable.

NON-SPECIFIED INVESTMENTS: These are any investments which do not meet the specified investment criteria. A maximum of £6m will be held in aggregate in non-specified investments, specifically term deposits with UK local authorities.

26.2 Creditworthiness policy

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

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

This modelling approach combines credit ratings, credit Watches and credit Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands:

Yellow	5 years
Purple	2 years
Blue	1 year (only applies to nationalised or semi nationalised UK Banks)
Orange	1 year
Red	6 months
Green	100 days
No colour	Not to be used

The yellow colour category is for UK Government debt, or its equivalent, money market funds and collateralised deposits where the collateral is UK Government debt.

The Link Asset Services’ creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency’s ratings.

Typically the minimum credit ratings criteria the Council use will be a Short Term rating (Fitch or equivalents) of F1 and a Long Term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored weekly, and will be checked at the time of placing investments. The Council is alerted to changes to ratings of all three agencies through its use of the Link Asset Services’ creditworthiness service, and has access to the websites of Fitch, Moody’s and Standard & Poor’s.

- if a downgrade results in the counterparty / investment scheme no longer meeting the Council’s minimum criteria, its further use as a new investment will be withdrawn immediately.

- in addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Link Asset Services. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, information on any external support for banks to help support its decision making process

Investment Counterparties 2019/20

Category	Institutions	LAS Colour Code	Maximum Period	Limit per Institution
Banks & Building Societies: Call Accounts / Term Deposits / Certificates of Deposit (CDs)				
Government related/guaranteed	DMADF (DMO) UK Local Authority	Yellow Yellow	6 months 2 years	Unlimited £6m per LA
UK part-nationalised institutions	Royal Bank of Scotland group	Blue	1 year	£6m per group
UK-incorporated Institutions	UK banks and building societies of high credit quality	Orange Red Green	1 year 6 months 3 months	£6m per group (or independent institution)
Non-UK Banks	Non-UK banks of high credit quality	Orange Red Green	1 year 6 months 3 months	£4m per group (or independent institution); £8m in total for this category
Money Market Funds				
Money Market Funds	MMFs of high credit quality - AAA rated		Instant access	£5m per fund

There are no changes from the amended Investment Counterparties list approved by Council on 5 December 2018.

26.3 Country limits

The Council has determined that, in addition to UK counterparties, it will only use approved counterparties from European Union (EU) countries with a minimum sovereign credit rating of AA- from Fitch. The list of countries that qualify using this credit criteria as at the date of

this report are shown below. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

Recently the only non-UK counterparty is German bank Landesbank Hessen-Thuringen Girozentrale (Helaba). The Council has invested a maximum of £4m with this counterparty, but could deposit up to £4m in addition with other non-UK counterparties of high credit quality, the maximum sum to be invested with non-UK banks being £8m.

APPROVED COUNTRIES FOR INVESTMENTS – United Kingdom plus the following:

AAA	AA+	AA	AA-
Denmark	Finland	France	Belgium
Germany			
Luxembourg			
Netherlands			
Sweden			

26.4 Investment strategy

In-house funds

Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

Investment returns expectations

Bank Rate is forecast to increase steadily but slowly over the next few years to reach 2.00% by quarter 1 2022. Bank Rate forecasts for financial year ends (March) are:

- 2018/19 0.75% Was 0.75% in 2018/19 Treasury Strategy report
- 2019/20 1.25% Was 1.00%
- 2020/21 1.50% Was 1.25%
- 2021/22 2.00%

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows:

	Now	2017/18 report
2017/18	0.40%	0.25%
2018/19	0.60%	0.25%
2019/20	0.90%	0.50%
2020/21	1.25%	0.75%
2021/22	1.50%	1.00%
2022/23	1.75%	1.50%
2023/24	2.00%	1.75%
Later years	2.75%	2.75%

The overall balance of risks to these forecasts is currently skewed to the upside and are dependent on how strong GDP growth turns out, how quickly inflation pressures rise and how quickly the Brexit negotiations move forward positively.

Investment Treasury Indicator and limit - total principal funds invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

Table 10 - Maximum Principal Sums Invested > 365 Days	2018/19 Revised £000	2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000	2022/23 Estimate £000
UK Government	0	0	0	0	0
UK Local Authorities	5,000	6,000	6,000	6,000	6,000
UK Banks & Building Societies	0	0	0	0	0
Non-UK Banks	0	0	0	0	0
Total	5,000	6,000	6,000	6,000	6,000

For its cash flow generated balances, the Council will seek to utilise its business reserve instant access and notice accounts, money market funds and short-dated deposits (overnight to 100 days) in order to benefit from the compounding of interest.

26.5 Investment Risk Benchmarking

This Council will use an investment benchmark to assess the investment performance of its investment portfolio of 7 day LIBID plus 15%.

26.6 End of Year Investment Report

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

26.7 Accounting treatment of investments

The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by this Council. To ensure that the Council is protected from any adverse revenue impact, which may arise from these differences, officers will review the accounting implications of new transactions before they are undertaken.

27. BACKGROUND DOCUMENTS

CIPFA Treasury Management in the Public Services: Code of Practice & Cross-Sectoral Guidance Notes (December 2017 edition)

CIPFA Treasury Management in the Public Services: Guidance Notes for Local Authorities (July 2018 edition)

CIPFA Prudential Code for Capital Finance in Local Authorities (December 2017 edition)

CIPFA Standards of Professional Practice: Treasury Management

MHCLG Guidance on Local Government Investments

MHCLG Guidance on Minimum Revenue Provision

APPENDIX G1 – Economic Background

APPENDIX G2– Interest Rate Forecasts

APPENDIX G3 – Comparison of Interest Rate Forecasts

ECONOMIC BACKGROUND

Advice from Link Asset Services:

GLOBAL OUTLOOK. World growth has been doing reasonably well, aided by strong growth in the US. However, US growth is likely to fall back in 2019 and, together with weakening economic activity in China and the eurozone, overall world growth is likely to weaken.

Inflation has been weak during 2018 but, at long last, unemployment falling to remarkably low levels in the US and UK has led to an acceleration of wage inflation. The US Fed has therefore increased rates nine times and the Bank of England twice. However, the ECB is unlikely to start raising rates until late in 2019 at the earliest.

KEY RISKS - central bank monetary policy measures

Looking back on nearly ten years since the financial crash of 2008 when liquidity suddenly dried up in financial markets, it can be assessed that central banks' monetary policy measures to counter the sharp world recession were successful. The key monetary policy measures they used were a combination of lowering central interest rates and flooding financial markets with liquidity, particularly through unconventional means such as quantitative easing (QE), where central banks bought large amounts of central government debt and smaller sums of other debt.

The key issue now is that period of stimulating economic recovery and warding off the threat of deflation, is coming towards its close. A new period is well advanced in the US, and started more recently in the UK, of reversing those measures i.e. by raising central rates and, (for the US), reducing central banks' holdings of government and other debt. These measures are now required in order to stop the trend of a reduction in spare capacity in the economy and of unemployment falling to such low levels, that the re-emergence of inflation is viewed as a major risk. It is, therefore, crucial that central banks get their timing right and do not cause shocks to market expectations that could destabilise financial markets. In particular, a key risk is that because QE-driven purchases of bonds drove up the price of government debt, and therefore caused a sharp drop in income yields, this also encouraged investors into a search for yield and into investing in riskier assets such as equities. Consequently, prices in both bond and equity markets rose to historically high valuation levels simultaneously. This meant that both asset categories were exposed to the risk of a sharp downward correction and we did, indeed, see a sharp fall in equity values in the last quarter of 2018. It is important, therefore, that central banks only gradually unwind their holdings of bonds in order to prevent destabilising the financial markets. It is also likely that the timeframe for central banks unwinding their holdings of QE debt purchases will be over several years. They need to balance their timing to neither squash economic recovery, by taking too rapid and too strong action, or, conversely, let inflation run away by taking action that was too slow and/or too weak. **The potential for central banks to get this timing and strength of action wrong are now key risks.** At the time of writing, (early January 2019), financial markets are very concerned that the Fed is being too aggressive with its policy for raising interest rates and is likely to cause a recession in the US economy.

The world economy also needs to adjust to a sharp change in **liquidity creation** over the last five years where the US has moved from boosting liquidity by QE purchases, to reducing its holdings of debt (currently about \$50bn per month). In addition, the European Central Bank ended its QE purchases in December 2018.

UK. The flow of positive economic statistics since the end of the first quarter of 2018 has shown that pessimism was overdone about the poor growth in quarter 1 when adverse weather caused a temporary downward blip. Quarter 1 at 0.1% growth in GDP was followed by a return to 0.4% in quarter 2 and by a strong performance in quarter 3 of +0.6%. However, growth in quarter 4 is expected to weaken significantly.

At their November quarterly Inflation Report meeting, the MPC repeated their well-worn phrase that future Bank Rate increases would be gradual and would rise to a much lower equilibrium rate, (where monetary policy is neither expansionary or contractionary), than before the crash; indeed they gave a figure for this of around 2.5% in ten years' time, but declined to give a medium term forecast. However, with so much uncertainty around Brexit, they warned that the next move could be up or down, even if there was a disorderly Brexit. While it would be expected that Bank Rate could be cut if there was a significant fall in GDP growth as a result of a disorderly Brexit, so as to provide a stimulus to growth, they warned they could also raise Bank Rate in the same scenario if there was a boost to inflation from a devaluation of sterling, increases in import prices and more expensive goods produced in the UK replacing cheaper goods previously imported, and so on. In addition, the Chancellor could potentially provide fiscal stimulus to support economic growth, though at the cost of increasing the budget deficit above currently projected levels.

It is unlikely that the MPC would increase Bank Rate in February 2019, ahead of the deadline in March for Brexit. Getting parliamentary approval for a Brexit agreement on both sides of the Channel will take well into spring 2019. However, in view of the hawkish stance of the MPC at their November meeting, the next increase in Bank Rate is now forecast to be in May 2019, (on the assumption that a Brexit deal is agreed by both the UK and the EU). The following increases are then forecast to be in February and November 2020 before ending up at 2.0% in February 2022.

Inflation. The Consumer Price Index (CPI) measure of inflation has been falling from a peak of 3.1% in November 2017 to 2.1% in December 2018. In the November Bank of England quarterly Inflation Report, inflation was forecast to still be marginally above its 2% inflation target two years ahead, (at about 2.1%), given a scenario of minimal increases in Bank Rate.

As for the **labour market** figures in October, unemployment at 4.1% was marginally above a 43 year low of 4% on the Independent Labour Organisation measure. A combination of job vacancies hitting an all-time high, together with negligible growth in total employment numbers, indicates that employers are now having major difficulties filling job vacancies with suitable staff. It was therefore unsurprising that wage inflation picked up to 3.3%, (3 month average regular pay, excluding bonuses). This meant that in real terms, (i.e. wage rates less CPI inflation), earnings are currently growing by about 1.2%, the highest level since 2009. This increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. This tends to confirm that the MPC was right to start on a cautious increase in Bank Rate in August as it views wage inflation in excess of 3% as increasing inflationary pressures within the UK economy.

In the **political arena**, the Brexit deal put forward by the Conservative minority government was defeated on 15 January. It is unclear at the time of writing, how this situation will move forward. However, our central position is that Prime Minister May's government will endure, despite various setbacks, along the route to reaching an orderly Brexit though the risks are increasing that it may not be possible to get full agreement by the UK and EU before 29 March 2019, in which case this withdrawal date is likely to be pushed back to a new date. If, however, the UK faces a general election in the next 12 months, this could result in a potential loosening of monetary and fiscal policy and therefore medium to longer dated gilt yields could rise on the expectation of a weak pound and concerns around inflation picking up.

USA. President Trump's massive easing of fiscal policy is fuelling a (temporary) boost in consumption which has generated an upturn in the rate of strong growth which rose from 2.2% (annualised rate) in quarter 1 to 4.2% in quarter 2 and 3.5%, (3.0% y/y), in quarter 3, but also an upturn in inflationary pressures. The strong growth in employment numbers and the reduction in the unemployment rate to 3.9%, near to a recent 49 year low, has fed through to an upturn in wage inflation which hit 3.2% in November. However, CPI inflation overall fell to 2.2% in November and looks to be on a falling trend to drop below the Fed's target of 2% during 2019. The Fed has continued on its series of increases in interest rates with another 0.25% increase in December to between 2.25% and 2.50%, this being the fifth increase in 2018 and the ninth in this cycle. However, they did also reduce their forecast for further increases from three to two. This latest increase compounded investor fears that the Fed is over doing the speed and level of increases in rates and that it is going to cause a US recession as a result. There

is also much evidence in previous monetary policy cycles of the Fed's series of increases doing exactly that. Consequently, we have seen stock markets around the world falling under the weight of fears around the Fed's actions, the trade war between the US and China and an expectation that world growth will slow.

The tariff war between the US and China has been generating a lot of heat during 2018, but it is not expected that the current level of actual action would have much in the way of a significant effect on US or world growth. However, there is a risk of escalation if an agreement is not reached soon between the US and China.

Eurozone. Growth was 0.4% in quarters 1 and 2 but fell back to 0.2% in quarter 3, though this was probably just a temporary dip. In particular, data from Germany has been mixed and it could be negatively impacted by US tariffs on a significant part of its manufacturing exports e.g. cars. For that reason, although growth is still expected to be in the region of nearly 2% for 2018, the horizon is less clear than it seemed just a short while ago. Having halved its quantitative easing purchases of debt in October 2018 to €15bn per month, the European Central Bank ended all further purchases in December 2018. The ECB is forecasting inflation to be a little below its 2% top limit through the next three years so it may find it difficult to warrant a start on raising rates by the end of 2019 if the growth rate of the EU economy is on a weakening trend.

China. Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems. Progress has been made in reducing the rate of credit creation, particularly from the shadow banking sector, which is feeding through into lower economic growth. There are concerns that official economic statistics are inflating the published rate of growth.

Japan - has been struggling to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy. It is likely that loose monetary policy will endure for some years yet to try to stimulate growth and modest inflation.

Emerging countries. Argentina and Turkey are currently experiencing major headwinds and are facing challenges in external financing requirements well in excess of their reserves of foreign exchange. However, these countries are small in terms of the overall world economy, (around 1% each), so the fallout from the expected recessions in these countries will be minimal.

INTEREST RATE FORECASTS

The interest rate forecasts provided by Link Asset Services are **predicated on an assumption of an agreement being reached on Brexit between the UK and the EU**. On this basis, while GDP growth is likely to be subdued in 2019 due to all the uncertainties around Brexit depressing consumer and business confidence, an agreement is likely to lead to a boost to the rate of growth in 2020 which could, in turn, increase inflationary pressures in the economy and so cause the Bank of England to resume a series of gentle increases in Bank Rate. Just how fast, and how far, those increases will occur and rise to, will be data dependent. The forecasts in this report assume a modest recovery in the rate and timing of stronger growth and in the corresponding response by the Bank in raising rates.

- In the event of an **orderly non-agreement exit**, it is likely that the Bank of England would take action to cut Bank Rate from 0.75% in order to help economic growth deal with the adverse effects of this situation. This is also likely to cause short to medium term gilt yields to fall.
- If there was a **disorderly Brexit**, then any cut in Bank Rate would be likely to last for a longer period and also depress short and medium gilt yields correspondingly. It is also possible that the government could act to protect economic growth by implementing fiscal stimulus.

However, there would appear to be a majority consensus in the Commons against any form of non-agreement exit so the chance of this occurring has now substantially diminished.

The balance of risks to the UK

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

One risk that is both an upside and downside risk, is that all central banks are now working in very different economic conditions than before the 2008 financial crash as there has been a major increase in consumer and other debt due to the exceptionally low levels of borrowing rates that have prevailed for ten years since 2008. This means that the neutral rate of interest in an economy, (i.e. the rate that is neither expansionary nor deflationary), is difficult to determine definitively in this new environment, although central banks have made statements that they expect it to be much lower than before 2008. Central banks could therefore either over or under do increases in central interest rates.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- **Brexit** – if it were to cause significant economic disruption and a major downturn in the rate of growth.
- **Bank of England monetary policy** takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the **eurozone sovereign debt crisis**, possibly in **Italy**, due to its high level of government debt, low rate of economic growth and vulnerable banking system, and due to the election in March of a government which has made a lot of anti-austerity noise. The EU rejected the initial proposed Italian budget and demanded cuts in government spending which the Italian government initially refused. However, a fudge was subsequently agreed,

but only by *delaying* the planned increases in expenditure to a later year. This can have therefore only been kicked down the road to a later time. The rating agencies have started on downgrading Italian debt to one notch above junk level. If Italian debt were to fall below investment grade, many investors would be unable to hold it. Unsurprisingly, investors are becoming increasingly concerned by the words and actions of the Italian government and consequently, Italian bond yields have risen – at a time when the government faces having to refinance large amounts of debt maturing in 2019.

- **Weak capitalisation of some European banks.** Italian banks are particularly vulnerable; one factor is that they hold a high level of Italian government debt - debt which is falling in value. This is therefore undermining their capital ratios and raises the question of whether they will need to raise fresh capital to plug the gap.
- **German minority government.** In the German general election of September 2017, Angela Merkel's CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in popularity of the anti-immigration AfD party. Then in October 2018, the results of the Bavarian and Hesse state elections radically undermined the SPD party and showed a sharp fall in support for the CDU. As a result, the SPD is reviewing whether it can continue to support a coalition that is so damaging to its electoral popularity. After the result of the Hesse state election, Angela Merkel announced that she would not stand for re-election as CDU party leader at her party's convention in December 2018, (a new party leader has now been elected). However, this makes little practical difference as she is still expected to aim to continue for now as the Chancellor. However, there are five more state elections coming up in 2019 and EU parliamentary elections in May/June; these could result in a further loss of electoral support for both the CDU and SPD which could also undermine her leadership.
- **Other minority eurozone governments.** Spain, Portugal, Ireland, the Netherlands and Belgium all have vulnerable minority governments dependent on coalitions which could prove fragile. Sweden is also struggling to form a government due to the anti-immigration party holding the balance of power, and which no other party is willing to form a coalition with. The Belgian coalition collapsed in December 2018 but a minority caretaker government has been appointed until the May EU wide general elections.
- **Austria, the Czech Republic and Hungary** now form a strongly anti-immigration bloc within the EU while **Italy**, in 2018, also elected a strongly anti-immigration government. Elections to the EU parliament are due in May/June 2019.
- Further increases in interest rates in the US could spark a **sudden flight of investment funds** from more risky assets e.g. shares, into bonds yielding a much improved yield. Throughout the last quarter of 2018, we saw sharp falls in equity markets interspersed with occasional partial rallies. Emerging countries which have borrowed heavily in dollar denominated debt, could be particularly exposed to this risk of an investor flight to safe havens e.g. UK gilts.
- There are concerns around the level of **US corporate debt** which has swollen massively during the period of low borrowing rates in order to finance mergers and acquisitions. This has resulted in the debt of many large corporations being downgraded to a BBB credit rating, close to junk status. Indeed, 48% of total investment grade corporate debt is now rated at BBB. If such corporations fail to generate profits and cash flow to reduce their debt levels as expected, this could tip their debt into junk ratings which will increase their cost of financing and further negatively impact profits and cash flow.
- **Geopolitical risks**, especially North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates

- **Brexit** – if both sides were to agree by 29 March a compromise that quickly removed all threats of economic and political disruption and so led to an early boost to UK economic growth.
- **The Fed causing a sudden shock in financial markets** through misjudging the pace and strength of increases in its Fed Funds Rate and in the pace and strength of reversal of QE, which then leads to a fundamental reassessment by investors of the relative risks of holding bonds, as opposed to equities. This could lead to a major flight from bonds to equities and a sharp increase in bond yields in the US, which could then spill over into impacting bond yields around the world.
- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflation pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.
- **UK inflation**, whether domestically generated or imported, returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.

**Comparison of Interest Rate Forecasts – Treasury Strategy 2018/19 – 2022/23 (Feb 2018),
and Treasury Strategy 2019/20 – 2022/23 (Jan 2019)**

	Bank Rate %		PWL B Borrowing Rates % (including 0.20% certainty rate adjustment)							
			5 year		10 year		25 year		50 year	
	Jan 19	Feb 18	Jan 19	Feb 18	Jan 19	Feb 18	Jan 19	Feb 18	Jan 19	Feb 18
Mar-19	0.75	0.75	2.10	1.80	2.50	2.50	2.90	3.10	2.70	2.90
Jun-19	1.00	0.75	2.20	1.90	2.60	2.60	3.00	3.20	2.80	3.00
Sep-19	1.00	0.75	2.20	1.90	2.60	2.60	3.10	3.20	2.90	3.00
Dec-19	1.00	1.00	2.30	2.00	2.70	2.70	3.10	3.30	2.90	3.10
Mar-20	1.25	1.00	2.30	2.10	2.80	2.70	3.20	3.40	3.00	3.20
Jun-20	1.25	1.00	2.40	2.10	2.90	2.80	3.30	3.50	3.10	3.30
Sep-20	1.25	1.25	2.50	2.20	2.90	2.90	3.30	3.50	3.10	3.30
Dec-20	1.50	1.25	2.50	2.30	3.00	2.90	3.40	3.60	3.20	3.40
Mar-21	1.50	1.25	2.60	2.30	3.00	3.00	3.40	3.60	3.20	3.40
Jun-21	1.75		2.60		3.10		3.50		3.30	
Sep-21	1.75		2.70		3.10		3.50		3.30	
Dec-21	1.75		2.80		3.20		3.60		3.40	
Mar-22	2.00		2.80		3.20		3.60		3.40	

The Feb 2018 forecasts were included in the Treasury Strategy 2018/19 to 2022/23
Link Asset Services provided an updated forecast in January 2019.

Equality Impact Assessment



Introduction

An Equality Impact Assessment (EIA) is required to ensure that equality is placed at the centre of policy development and review, as well as service delivery. The purpose of this EIA is to systematically analyse the likely impact of a service, policy or proposals on different community groups, and how the needs of such groups have been taken into account in developing those proposals.

The EIA can anticipate and recommend ways to avoid any discriminatory or negative consequences for a particular group, on the grounds of any protected characteristic. It provides the opportunity to demonstrate the potential benefits for equality target groups arising from a proposed policy or project.

The need for an EIA stems from the general duty placed on public authorities to eliminate unlawful discrimination in carrying out functions, and promote equality of opportunity. This is outlined in the Equality Act 2010, with specific public sector duties in place from April 2011.

1. Name of Policy or Service (existing or proposed)	
Budget and Medium-Term Financial Strategy 2019/23	
2. Responsible Manager	
Tim Povall – Deputy Chief Executive – Resources and Transformation – S151 Officer	
3. Date EIA completed	Review date
23/01/19	January 2020
4. Description and aims of policy / service (including relevance to equalities)	
To bring together the Council's vision, priorities, objectives, key actions and measures for the Council, which drives the budget and performance management framework.	
5. Who are the stakeholders?	
<ul style="list-style-type: none"> ▶ Cabinet ▶ Scrutiny ▶ Councillors ▶ Leadership Team ▶ Employees ▶ External partners ▶ Residents ▶ Businesses ▶ External Audit 	
6. What outcomes do we want to achieve?	
That the Council agrees its 2019/20 Budget and Medium Term Financial Strategy for the next 4 years. This is the financial plan for the Council which is aligned to the Corporate Plan and the resources required to deliver its ambitions and services to the residents.	

7. How will performance be measured?

- ▶ By the Council's Leadership Team and Extended Leadership Team every quarter
- ▶ Budget monitoring reports to Governance/Cabinet in Quarters 2, 3 and 4.

8. Brief summary of research and background data

- ▶ Existing research on the demographics of the Borough
- ▶ Stakeholder feedback – residents, partners, businesses
- ▶ Input from the all members at extended Member Learning Hours
- ▶ Input from Scrutiny Committee
- ▶ Input from Cabinet

9. Methods and outcome of consultation

- ▶ Consultation with residents via Residents' Survey undertaken in February 2019
- ▶ Business event January 2019.

10. Results of initial screening

The following questions have been considered in order to evaluate the various equality groups:-

Age – Is there any concern that these proposals could cause differential impact on the grounds of age? All age groups considered.

Disability – Is there any concern that these proposals could cause differential impact on the grounds of disability? Disability is recognised under the Equality Act as 'a physical or mental impairment which has a substantial and long term effect on a person's ability to carry out normal day to day activities.' No Impact

Gender Reassignment – Is there any concern that these proposals could cause differential impact on the grounds of gender reassignment? The Equality Act recognises this where a person is proposing to undergo, is undergoing, or has undergone a process (or part of a process) for changing sex. – No impact

Marriage / Civil Partnership – Is there any concern that these proposals could cause differential impact on the grounds of marriage or civil partnership? Under the Equality Act, no such protection exists for single or unmarried people. – No impact

Pregnancy / Maternity – Is there any concern that these proposals could cause differential impact on the grounds of pregnancy or maternity? No impact

Race – Is there any concern that these proposals could cause differential impact on the grounds of race? Race is recognised under the Equality Act as a person's skin colour, nationality or ethnic origin. No impact

Gender – Is there any concern that these proposals could cause differential impact on the grounds of gender? Including men, women and transgender people. No impact

Sexual Orientation – Is there any concern that these proposals could cause differential impact on the grounds of sexuality? Including heterosexual, gay, lesbian and bisexual people. No impact

Religion or belief – Is there any concern that these proposals could cause differential impact on the grounds of religion or faith? All faiths recognised in the European Convention of Human Rights are included. No impact

A commentary has been provided for each policy where appropriate

11. Decisions and / or recommendations (including supporting rationale)

The Corporate Plan, Budget and Medium Term Financial Strategy have been developed specifically to address the needs of the Borough and there is no adverse impact on any particular group or groups. As projects identified in the Corporate Plan, Budget and MTFs are developed further, equality impact assessments will be undertaken at that time.

12. Is an Equality Action Plan required?

No.

REPORT TO	ON
CABINET	13 February 2019



TITLE	PORTFOLIO	REPORT OF
Pay Line Implementation 2019	Leader of the Council	Deputy Chief Executive of Resources and Transformation (Section 151 Officer)

Is this report a KEY DECISION (i.e. more than £100,000 or impacting on more than 2 Borough wards?)	No
Is this report on the Statutory Cabinet Forward Plan ?	No
Is the request outside the policy and budgetary framework and therefore subject to confirmation at full Council?	No
Is this report confidential?	No

1. PURPOSE OF THE REPORT

- 1.1 To apply the National Pay Award for 2019 and to implement the new pay line ahead of applying annual incremental rises.

2. PORTFOLIO RECOMMENDATIONS

- 2.1 To apply the pay line agreed by the National Joint Council.
- 2.2 To agree to implement the new pay line ahead of applying annual incremental rises.

3. REASONS FOR THE DECISION

- 3.1 The pay line is a National Joint Council (NJC) collective agreement and is incorporated within the employees' contract of employment and therefore employees have a contractual right for it to be implemented and to be assimilated onto the relevant spinal column point on the new pay line. Employees that have not reached the top of their pay grade have a contractual right to one incremental rise annually. To implement the new pay line ahead of applying the incremental rises is favourable to lower paid employees.

4. CORPORATE PRIORITIES

- 4.1 The report relates to the following corporate priorities:

Excellence and Financial Sustainability	x
Health and Wellbeing	
Place	

Projects relating to People in the Corporate Plan:

People	x
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5. BACKGROUND TO THE REPORT

- 5.1 Employees are contractually entitled to any agreed pay rises on an annual basis. The pay award has been applied across two years with the pay award for 2018 being relatively straight forward with a 2% increase and some bottom loading to increase the lower grades by a greater percentage, with the overall increase to the national pay-bill of 2.707%.
- 5.2 The pay award for 2019 involves a realignment of the whole pay structure in order to:
- Accommodate the Government's National Living Wage (NLW) announced in the 2015 budget with the target being 60% of median earnings by 2020. The hourly rate announced for April 2019 is £8.21.
 - Provide some headroom for any future increases to the NLW.
 - Even out the increases between spinal column points (SCP'S).

6. PROPOSALS (e.g. RATIONALE, DETAIL, FINANCIAL, PROCUREMENT)

- 6.1 The new pay spine has been developed with the agreed national SCP's up to SCP 49 corresponding to the original SCP's. Any locally agreed SCP's will need to be increased by 2% in line with the national agreement and follow on from the national SCP's
- 6.2 Similarly to 2018 the pay rise for 2019 is a 2% increase with further bottom loading in order to accommodate the NLW by 2020.
- 6.3 Whilst the new pay spine accords with the original NJC grading structure with the new SCP's corresponding to the original SCP's, there have been 5 additional SCP's created which sit between the original SCP's in order to even out the gaps between SCP's, these can be identified, highlighted grey, in the pay spine attached at appendix 1.
- 6.4 As this is an NJC collective agreement it is incorporated within the employees' contract of employment and therefore employees have a contractual right for it to be implemented and to be assimilated onto the relevant SCP on the new pay spine.
- 6.5 At present South Ribble Borough Council (SRBC) pay the Foundation Living wage but are not an accredited Living wage employer therefore there is no commitment to pay it. This is subject to SRBC'S annual agreement as part of the Pay Policy. The current Foundation Living wage stands at £9 per hour. Appendix 1 identifies that the lowest SCP on the new pay line equates to £9 per hour.
- 6.6 The pay award and assimilation will occur on 1 April 2019. In line with National Conditions of Employment some staff would be due an annual incremental rise.

7 CONSULTATION CARRIED OUT AND OUTCOME OF CONSULTATION

- 7.1 Discussions have already taken place with the staff at the Staff Consultative Committee and through the Leadership Roadshow events, plus Unison have formally been consulted. We are currently awaiting their views and their response will be reported into Cabinet as soon as they are available.

8 ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

- 8.1 Applying incremental rises on the current pay scales and then implement the new pay line. This was rejected as less favourable to lower paid employees.

9 FINANCIAL IMPLICATIONS

- 9.1 The impact of the spinal point changes have been baselined into the Medium Term Financial Strategy forecasts for 2019/20 onwards.

10 LEGAL IMPLICATIONS

- 10.1 There is a legal requirement within an employee's contract of employment to apply any agreed pay increases.

11 HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT IMPLICATIONS

- 11.1 To not apply the pay line would be a breach of the employees' contract of employment.

12 ICT/TECHNOLOGY IMPLICATIONS

- 12.1 None.

13 PROPERTY AND ASSET MANAGEMENT IMPLICATIONS

- 13.1 None.

14 RISK MANAGEMENT

- 14.1 None.

15 EQUALITY AND DIVERSITY IMPACT

- 15.1 The pay line will be applied equally across the Council.

16 RELEVANT DIRECTORS RECOMMENDATIONS

- 16.1 To apply the pay line agreed by the National Joint Council.
- 16.2 To agree to implement the new pay line ahead of applying annual incremental rises.

17 COMMENTS OF THE STATUTORY FINANCE OFFICER

- 17.1 The financial impacts of the changes have been included in to the MTFS forecasts for 2019/20 onwards including the annual uplifts in pay to reflect movement of spinal points within grades.
- 17.2 The approval of this report brings the lowest paid employees of the Council to a level above National Minimum Wage and in line with the living wage foundation.
- 17.3 To be accredited to the Living Wage Foundation would require external service contracts to be aligned to this SRBC pay policy. This would result in significant contract price rises. Overall pay policy will be considered at the next contract renewal.

18 COMMENTS OF THE MONITORING OFFICER

18.1 There are no issues of concern here. The Council by making this decision will be complying with its contractual duties owed to its employees.

19 BACKGROUND DOCUMENTS (or There are no background papers to this report)

19.1 There are no background papers to this report.

21. APPENDICES (or There are no appendices to this report)

21.1 Appendix 1

Report Author:	Telephone:	Date:
Ann Hale	01772 625454	2 nd January 2019

Appendix 1

SCP	1 April 2018		1 April 2019			Old SCP's	SRBC Grade	
	£ per annum	£ per hour*	New SCP	£ per annum	£ per hour*			
6	16,394	8.5	1	17,364	9	6/7	Grade 1 (scp1)	
7	16,495	8.55						
8	16,626	8.62						
9	16,755	8.68	2	17,711	9.18	8/9	Grade 2 (scp1-6)	
10	16,863	8.74						
11	17,007	8.82						
12	17,173	8.90	4	18,426	9.55	12/13		
13	17,391	9.01						
14	17,681	9.16						
15	17,972	9.32	5	18,795	9.74	14/15		
16	18,319	9.50						
17	18,672	9.68						
18	18,870	9.78	7	19,554	10.14	18	Grade 3 (scp6-9)	
19	19,446	10.08	8	19,945	10.34	19		
20	19,819	10.27	9	20,344	10.54	20		
			10	20,751	10.76		Grade 4 (scp9-15)	
21	20,541	10.65	11	21,166	10.97	21		
22	21,074	10.92	12	21,589	11.19	22		
			13	22,021	11.41		Grade 5 (scp15-22)	
23	21,693	11.24	14	22,462	11.64	23		
24	22,401	11.61	15	22,911	11.88	24		
			16	23,369	12.11		Grade 6 (scp22-26)	
25	23,111	11.98	17	23,836	12.35	25		
			18	24,313	12.60			
26	23,866	12.37	19	24,799	12.85	26	Grade 7 (scp26-30)	
27	24,657	12.78	20	25,295	13.11	27		
			21	25,801	13.37			
28	25,463	13.20	22	26,317	13.64	28	Grade 8 (scp30-35)	
29	26,470	13.72	23	26,999	13.99	29		
30	27,358	14.18	24	27,905	14.46	30		
31	28,221	14.63	25	28,785	14.92	31	Grade 9 (scp35-39)	
32	29,055	15.06	26	29,636	15.36	32		
33	29,909	15.50	27	30,507	15.81	33		
34	30,756	15.94	28	31,371	16.26	34		
35	31,401	16.28	29	32,029	16.60	35		
36	32,233	16.71	30	32,878	17.04	36		
37	33,136	17.18	31	33,799	17.52	37		
38	34,106	17.68	32	34,788	18.03	38		
39	35,229	18.26	33	35,934	18.63	39		
40	36,153	18.74	34	36,876	19.11	40		
41	37,107	19.23	35	37,849	19.62	41		
42	38,052	19.72	36	38,813	20.12	42		
43	39,002	20.22	37	39,782	20.62	43		
44	39,961	20.71	38	40,760	21.13	44		
45	40,858	21.18	39	41,675	21.60	45		
46	41,846	21.69	40	42,683	22.12	46		

47	42,806	22.19	41	43,662	22.63	47		
48	43,757	22.68	42	44,632	23.13	48		
49	44,697	23.17	43	45,591	23.63	49		

*hourly rate calculated by dividing annual salary by 52.143 weeks (which is 365 days divided by 7) and then divided by 37 hours (the standard working week in the National Agreement 'green Book')

REPORT TO	ON
CABINET	13 February 2019



TITLE	PORTFOLIO	REPORT OF
Digital Strategy 2019-2022	Cabinet Member (Corporate Support and Assets)	Director Customer and Digital

Is this report a KEY DECISION (i.e. more than £100,000 or impacting on more than 2 Borough wards?)	Yes
Is this report on the Statutory Cabinet Forward Plan ?	Yes
Is the request outside the policy and budgetary framework and therefore subject to confirmation at full Council?	No
Is this report confidential?	No

1. PURPOSE OF THE REPORT

- 1.1 To seek approval from Cabinet to adopt a three year Digital Strategy to establish a clear direction, for how we will transform using Digital and technology over the coming years. The strategy which is attached at **Appendix 1** to this report sets out the context for our “Digital to improve” programme of Digital Transformation, which will support and enable us to deliver on the objectives of our Corporate Plan 2019/20-2022/23 and Medium Term financial Strategy.

2. PORTFOLIO RECOMMENDATIONS

- 2.1 That Cabinet supports the adoption of the three year Digital Strategy.
- 2.2 That Cabinet notes the consultation undertaken to date to help inform the strategy.
- 2.3 That Cabinet notes the arrangements for the effective implementation of the Strategy through the Digital to improve programme.
- 2.4 That Cabinet notes the allocation of resources within the capital programme to fund the Digital Strategy on the basis of invest to save principles

3. REASONS FOR THE DECISION

- 3.1 This Digital Strategy directly supports projects aligned with our Corporate Plan priorities, as well as existing projects identified within our Medium Term Financial Strategy and Transformation agenda.

4. CORPORATE PRIORITIES

- 4.1 The report relates to the following corporate priorities:

Excellence and Financial Sustainability	x
Health and Wellbeing	
Place	
People	

5. BACKGROUND TO THE REPORT

- 5.1 In the modern age, digital and technology initiatives are extremely effective in improving customer experience, increasing efficiency, empowering the workforce and modernising the way we interact with our people – whether customers, colleagues, elected members or the public. For this reason, the strategy comprises four key themes: Colleagues / Members, Customers, Operations and Services. These themes form the basis of our programme and shape the context of the strategy.
- 5.2 Naturally, Digital and technology enhancement and innovation carries with it an investment requirement. Many of the projects embedded within the strategy are transformative in nature, and as such will be potential candidates for resourcing via the Council's Transformation Fund, where not covered by agreed capital and revenue budgets. Business cases will be produced that quantify both the fiscal and non-fiscal return on investment for all relevant projects. It is envisaged that while potentially significant investment will be required over the coming years, longer term savings will be realised resulting in an overall net benefit for the Council.

6. PROPOSALS (e.g. RATIONALE, DETAIL, FINANCIAL, PROCUREMENT)

- 6.1 A number of initiatives have been identified through the consultation with the organisation to guide the digital strategy outcomes. These include:
- Agile workforce
 - Connectivity enhancement
 - Customer appointments & notifications
 - Customer payment processing
 - Data, analytics, Business Intelligence and reporting
 - Digital Inclusion Initiatives
 - External collaboration
 - Information Communication Technology (ICT) Service Improvement
 - Learning & Development
 - Paperless council
 - Security/Compliance and Authentication
 - Systems Integration & Automation
 - Systems review & rationalisation
 - Telephony & Real-time communication
 - Website, self-service & customer digital interaction
- 6.2 Many of these are major innovative technological initiatives requiring potential significant investment over the coming years. The exact approach and specific solutions for many of these will be developed in due course.
- 6.3 At this time there are initiatives in the strategy designed to review systems relating specifically to the shared services arrangements. This will allow us to review systems on a broader scale as part of our own internal service review process. The potential challenges here could be around different approaches in other areas, for example differing Business Continuity/Disaster Recovery approaches, differing ICT Service Management models and Standards etc. Shared Service models can be explored once we have decided what the service delivery model is, what ICT will be required and whether we can generate efficiencies through the joint use of common ICT. It is important that we do not allow the ICT to drive our service model.
- 6.4 Three main challenges have been identified and these are:
- Website, self-service and customer digital interaction/service delivery leading to channel shift toward digital
 - End-to-end data flow (front-end forms to back-end systems), as well as automation between internal systems

- Modernising the employee workspace and creating an agile working environment
- 6.5 How the challenges will be faced will be by developing the strategy for the coming years, scoping key initiatives identified by the strategy, developing cost models/business cases and secure funding and engaging and delivering projects over an appropriate timescale
- 6.6 The key desired outcomes we wish to achieve are as follows:
- Channel shift resulting in increased efficiency and reduced cost of transaction
 - Improve customer satisfaction and experience of dealing with the authority
 - Creating an agile workforce that is empowered by seamless, effective technology capabilities
 - Drive efficiencies from internal process improvements and systems automation
- 6.7 Progress will be reported to the Programme Board and elected members in line with the performance updates on the Corporate Plan. Further details will be provided on this by way of the developing Digital Strategy performance framework.

7. CONSULTATION CARRIED OUT AND OUTCOME OF CONSULTATION

- 7.1 A significant amount of consultation has taken place with a range of stakeholders including elected members, staff, residents and business representatives. Open elected member drop-in workshops were held. Three sessions were scheduled and publicised, and two saw attendance with representation totalling ten at each session. Additionally, the online Digital Strategy survey was promoted to elected members at a number of Council meetings by members of the ICT service.
- 7.2 The consultation has been a mixture of face-to-face and online.
- 7.3 The consultation outcomes have been instrumental in the content of the Strategy and have also informed supporting documentation including the Vision, Current State, Service Catalogue and Gap Analysis documents.

8. ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

- 8.1 If the status quo was to be maintained, it is likely that the Council would miss the benefit of added value to its services together with wider promotion Digital inclusion, participation, and creating active citizens.
- 8.2 The lack of an effective Digital Strategy presents risks to the Council's delivery of our Corporate Plan and Transformation.

9. FINANCIAL IMPLICATIONS

- 9.1 The Digital Strategy and associated Digital to Improve programme will be delivered through a combination of existing ICT budgets, Capital budget of approximately £200k per year of the programme and transformation funding dependant on satisfactory business cases and return on investment.

11. LEGAL IMPLICATIONS

- 11.1 There are no direct legal implication arising from this report.
- 11.2 Legal services will be consulted on development of any processes to ensure it meets all statutory requirements with regards access to opportunities and responsibilities and relevant duties.

12. HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT IMPLICATIONS

12.1 Human Resources will be consulted on any impacts to service and structure changes, as well as opportunities for the Council to support skills and learning.

13. ICT/TECHNOLOGY IMPLICATIONS

13.1 The Digital Strategy will significantly enhance the Council's capacity to respond to ICT/Technological developments and help secure value for money in doing so.

14. PROPERTY AND ASSET MANAGEMENT IMPLICATIONS

14.1 The Digital Strategy will provide support for agile and paperless working through planning office space, potential building closures and changes in culture.

15. RISK MANAGEMENT

15.1 The digital Strategy and supporting Digital to improve programme will be performance managed through the Corporate Plan Programme Board and therefore any potential risks will be identified and mitigated actions taken.

15.2 The digital strategy will support our data protection requirements and mitigate data breaches.

16. EQUALITY AND DIVERSITY IMPACT

16.1 The Digital Strategy has the ability to assist the Council in its commitments to equality and diversity. It is recognised in the Strategy that reasonable adjustments will be made where possible and also that individuals are not excluded as a result of its implementation.

17. RELEVANT DIRECTORS RECOMMENDATIONS

17.1 That Cabinet supports the adoption of the three year Digital Strategy.

17.2 That Cabinet notes the consultation undertaken to date to help inform the strategy.

17.3 That Cabinet notes the arrangements for the effective implementation of the Strategy through the Digital to improve programme.

17.4 That Cabinet notes the allocation of resources within the capital programme to fund the Digital Strategy on the basis of invest to save principles

18. COMMENTS OF THE STATUTORY FINANCE OFFICER

18.1 The Digital Strategy supports the transformational programme of the Council. Amounts spent will be made on invest to save / earn projects. The investment will also support ongoing requirements for data protection and data analytics, the latter being used to provide robust demographic and other information to support operational decision making.

19. COMMENTS OF THE MONITORING OFFICER

19.1 The Digital Strategy constitutes a more structured approach to the provision of our ICT requirements. It will be a vital component in our transformation agenda. When it comes to any proposed expenditure we shall ensure that all proper procurement exercises are followed and that appropriate contractual documentation will be entered into.

20. BACKGROUND DOCUMENTS

None

21. APPENDICES

21.1 Appendix 1 – Digital Strategy

Report Author:	Telephone:	Date:
Paul Hussey	01772 625522	13 th February 2019



Digital Strategy 2019 – 2022

Version 1.0 | January 2019
FINAL

Digital to improve

“How we will transform using Digital and technology, to support and enable us to deliver on the objectives of our Corporate Plan 2018 – 2023. Introducing, our Digital to improve programme.”

Introduction

Background

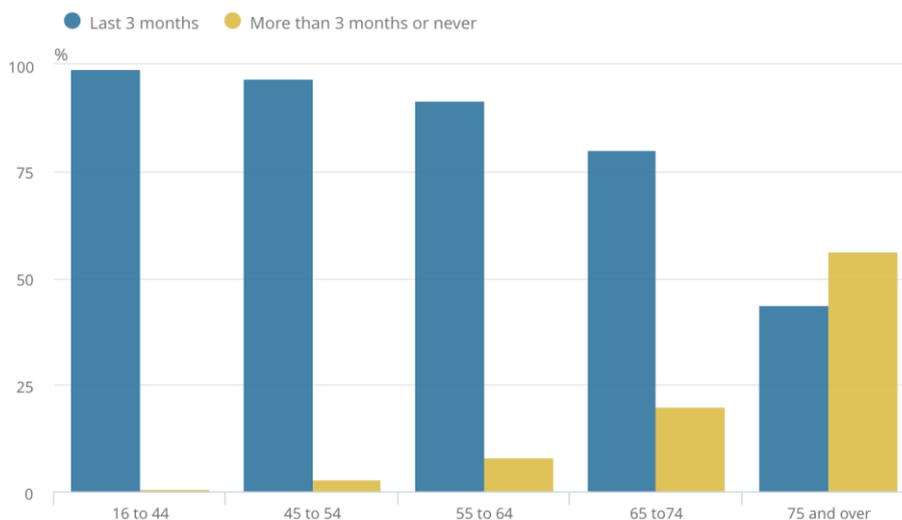
The vision for our Corporate Plan 2018-23 is underpinned by four key priorities:



This Digital strategy directly supports projects aligned with our Corporate Plan priorities, as well as existing projects identified within our Transformation Programme. Digital can be applied pragmatically across our service portfolio and as such, the delivery of this strategy will be supportive of all priorities above. In the age that we live and with the significant advancements made over recent years, digital and technology capabilities are key aspects that will be a major help, in us delivering on the objectives set out beneath each priority.

The use of technology has proliferated dramatically in society and continues to do so. The Office for National Statistics UK Internet users report (2018) reveals significant metrics regarding the levels of engagement with the internet and therefore, Digital/technology:

Internet users by age group, 2018, UK.



While there is a clear bias toward the younger demographic, this too is shifting, with recent internet usage by retired adults increasing by 25% in the last 7 years. Similarly, recent internet use by adults who were economically inactive, increased by 18 percentage points over this period.

Source: Office for National Statistics. "Internet users, UK: 2018" [2018]

With this monumental shift in engagement and adoption, organisations of all kinds need to ensure that the way services are delivered fall in-line with the expectations created by our increasingly Digital society.

This Digital strategy sets out the way we will advance our capability over the next three years. This will ultimately enable us to better serve our borough, while improving the day-to-day experience for those working within the bounds of the organisation.

The services we present digitally will naturally have a direct, positive impact on how we address the needs of our customers. What we must consider however, is that all effective change starts from within. By empowering our workforce via improvements to the technology tools they use to support our customers, an organic ripple effect will occur, thereby enhancing our outward facing customer experience further.

Having an active Digital strategy to work towards is essential through this period of transformation. Establishing a roadmap that leads us to our destination makes a potentially daunting programme achievable, serving as a clear direction from A to B. In developing, owning and delivering the innovative initiatives identified herein, we create an environment for success and a clear model for the future. **Introducing, the *Digital to improve* programme.**

The need for change

Over recent years ICT within the Council has to an extent stagnated, with a strong and highly recognised "keeping the lights on" BAU capability, while perhaps precluding the evolution of the department to becoming a true strategic partner to the organisation. The SOCITM review performed in 2018 Q1 reinforces this message well with the following statement:

"The IT stakeholders that we interviewed were unanimous in their respect for the reliability of the operational service provided by IT and the individual expertise and helpfulness of IT staff. However, many commented that they did not see IT as a partner capable of promoting and supporting business transformation."

Source: SOCITM Advisory. "South Ribble Project 3636 IT Review Final V1.0" [2018]

Following the SOCITM review, it has anecdotally been noted that ICT have embarked on a journey to become a more open and collaborative service area. This strategy provides the necessary direction to take this forward much further, and in doing so helping shape a greater evolution. This evolution is in direct support of the Council's transformation plans for the coming years.

Consultative approach

This Digital strategy is a key product of a consultation process involving our colleagues, customers, local businesses, and elected members. The excellent contributions from all interested groups has led to the formation of our Digital to improve programme, that has been directly informed by input from our people. This collective insight has resulted in a robust series of initiatives and projects, including key items such as:

- Bring your own device, for secure access to Council data and systems
- Modern, advanced tablet devices with document annotation capabilities
- Simple, intuitive and engaging website design and content
- Universal search across all customer facing websites and portals

Strategic themes

In order to ensure that the strategy addresses all key perspectives and the needs of those outside, inside and holistically across the Council, it is structured in terms of four main, highly interlinked themes:

- **Colleagues / Members** – Empowering those working within and setting direction for the Council.
- **Customers** – Using technology to evolve how our customers engage with us, supported by floorwalker presence in our locations, and interactive customer services on our website.
- **Operations** – Streamlining internal operations to increase efficiency, reduce wastage and provide improved outward customer service as a result.
- **Services** – Expanding and enhancing our Digital service delivery to have an enriching effect on the way we work with our customers.

Note: Initiatives and their projects sometimes overlap multiple themes, with benefits spanning two, or more in some cases. In the interest of easy reading, initiatives are aligned to their dominant theme throughout this strategy.

Programme governance

The strategy and proposed transformation programme comprise 18 initiatives, each with key activities/projects contained within. Each initiative has been analysed and sequenced based on high-level estimates of elapsed time to deliver, with consideration to interdependencies where relevant.

Throughout the period of the strategy, initiatives (or their projects) may be reprioritised, being reallocated between delivery phases as appropriate. Likewise, additional elements may be added if appropriate, or projects temporarily deferred. Programme delivery will be overseen by a Digital to Improve Programme Board which will have representation from all areas of the Council. Progress will be reported to the Corporate Plan Programme Board and elected members in line with the performance updates on the Corporate Plan. Further details will be provided on this by way of the developing Digital Strategy performance framework.

While a three-year strategy does not span a particularly long timeframe, it is of paramount importance to maintain agility and the ability to alter the scope of the programme, given the rapid advancement in the digital and technology space.

The initiatives identified within the programme are broken down as follows. These are accompanied by a number of measures which we will use to track our progress and success, at a theme by theme level.

Theme	Initiatives	Projects	Measures
Colleagues / Members	8	33	10
Customers	3	15	8
Operations	5	23	10
Services	2	3	5
TOTAL	18	74	33

Note: The activities/projects referenced within this strategy have been grouped where appropriate to do so. The gap analysis documentation produced prior to creating this document includes all ungrouped items, as well as referencing suggested high-level activities for each activity. Please review this associated document if you wish to review these in more detail than this document can reasonably provide.

Throughout the sections of this strategy, suggested measures are identified to be used as a starting point for monitoring progress through delivery and the realisation of outcomes. These measures will be developed into a structured performance framework, in conjunction with our Performance and Projects service area. As all measures are new, the exact mechanism for reporting will be identified as part of commencing delivery of the relevant initiatives. Likewise, any underlying procedures that reporting on the specified measures may necessitate will need to be established. As the strategy moves into the delivery phase it may be necessary to add and refine measures accordingly.

From a targeting and reporting perspective, the suggestion is that measures be reported bi-annually in the main. This will naturally be varied whereby certain metrics only become live in later stages of delivery, where associated projects are logically sequenced later on in the roadmap. At each reporting interval, metrics for the prior period can be reviewed and targets set for the forthcoming interval. Many of the projects identified will be delivered on an ongoing basis and as such will be expected to deliver continual improvement in many cases. It is therefore only right that targets be established and re-evaluated through the lifetime of the strategy.

It is natural for a programme of this scale, with its diverse range of initiatives and projects, to require significant investment. In due course, business cases will be developed that quantify projected fiscal return on investment to help make the case for adopting a “spend to save” methodology. Business cases will also cover the indirect and non-fiscal benefits, that will be realised by the respective projects.

While primarily led by ICT, the Digital to improve programme outlined within this Digital strategy is highly dependent on the positive engagement and support of stakeholders across the organisation. The table below identifies the key groups identified at this stage:

Group	Dependency
Digital to improve programme board	The programme board is pivotal to all key decisions, steering, governance and reporting of the programme.
Corporate Plan programme board	Support of the entire Corporate Plan programme board (and Leadership Team) is essential to achieving buy-in and engagement across the organisation.

Group	Dependency
Elected Members	Acting as Digital champions, elected members must be supportive and promotive of the initiatives set out in the strategy and Digital to improve programme. The encouragement and support of citizens is key to increasing engagement. If Elected Members are not supportive of the initiatives identified, can we justifiably expect broader external customers to be?
Finance	Support for the inevitable financial and procurement aspects of the programme.
Communications	Continued collaboration with ICT, especially on initiatives with critical dependency on this service area (e.g. website).
Audit	Proactive input and validation by IT Audit specialists, to embed sound principles and appropriate controls as part of project scoping.
Team Leaders across all service areas	Leading by example in terms of buy-in and engagement with all initiatives, projects, and activities.

Colleague engagement & communication

The success of our Digital to improve programme, and the adoption of the extensive change it will create, will be directly enabled by the way in which we engage, and communicate, with our people. It is therefore critical that we mobilise robust engagement and communication plans prior to entering into programme delivery phases. Similarly, learning and development frameworks that ensure appropriate training and support is available will be formulated. These will take the form of group sessions, as well as smaller one-to-one provisions, to ensure that an environment of confidence, rather than uncertainty, is created.

Due to the prevalence of digital and technology in the modern workplace, our Digital to improve programme presents a major opportunity to drive empowerment, and establish new ways of working. It will, therefore, be linked to and greatly supportive of our Empowering the workforce corporate programme.

Roadmap

This Digital strategy is accompanied by a series of roadmap visual representations. These are embedded as Appendix 2 of this document and can also be viewed in separate high-resolution form.

Given the transformative nature of many of the projects in the programme, it is important to note that delivery is, in many cases, phased over time. Larger projects are therefore logically split and sequenced within the roadmap, to expand scope progressively. This is especially true for ongoing activities including:

- Continuous improvement
- Cultural change, including Agile workforce, Learning and development, plus Paperless council
- Digital inclusion
- Learning and development
- Systems integration & automation

Appendix 1 – Digital to improve Plan

Theme: Colleagues / Members

Introduction

The Colleagues / Members theme deals with the internal ICT environment for these two “internal customer” groups, with a focus on how digital and technology improvements will be used to enrich it. The modern-day technology workspace encompasses highly capable, yet simple and engaging capabilities, that will empower and advance the day-to-day experience for our people.

The characteristics of the workplace are changing; with a significant emphasis on being able to work flexibly whenever, from wherever, on whatever (device). Working patterns and cultures that instil a need for work to take place in a fixed location are starting to be re-evaluated, due to the recognition that they are no longer optimal, thanks to advances in technology removing the need to be “tethered” to a desk. Productivity, effectiveness, and empowerment are commonly cited as reasons for embracing an agile culture, with technology providing the underlying layer that simply facilitates.

Source: ACAS Paper. “Flexibility in the Workplace: Implications of flexible work arrangements for individuals, teams and organisations” [2017]

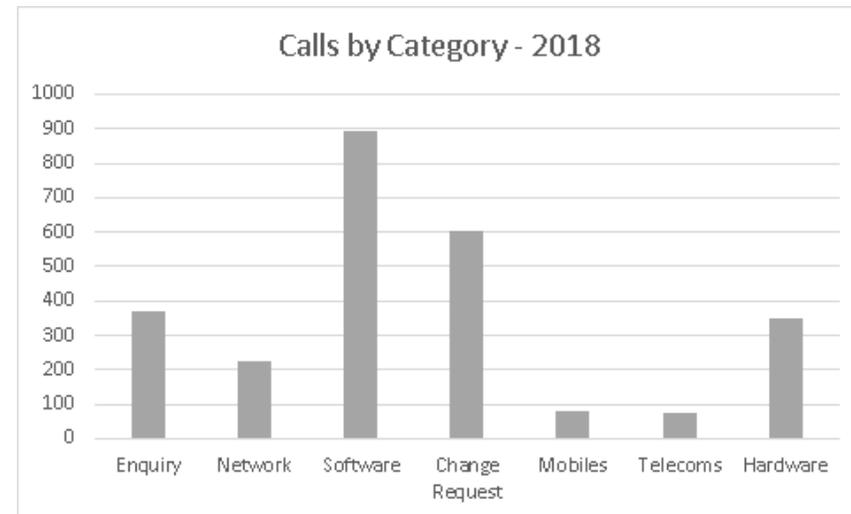
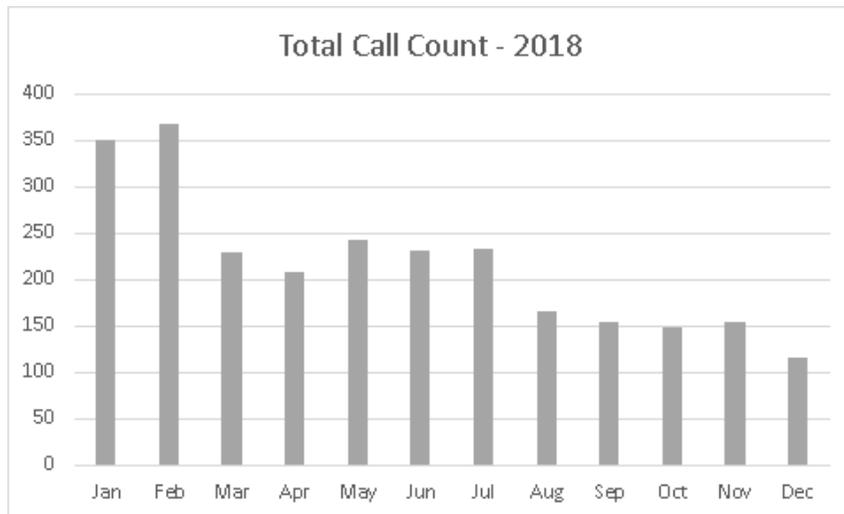
The rise in use of technology among the general public, which naturally includes our colleagues and members, means that in many cases people are using the latest and greatest at home, then commonly taking a step back when coming into work. This does not fulfil and inspire and in actual fact often has the opposite effect, thereby adversely affecting engagement, productivity, and efficiency.

In the post-GDPR time that we live, security and compliance are becoming an ever-increasing concern. Cyber security threats are emerging on a more frequent than ever basis, and as such organisations must be fully prepared, ready and capable to prevent/deal with them. Security and flexibility commonly sit on a continuum that must be carefully balanced. Competing priorities are always tricky to navigate, however, this is one area that must be struck accurately to ensure that our information assets are adequately protected, without unnecessarily impeding the realisation of benefits associated with many of the other initiatives identified within this theme.

Learning & Development is one of, if not the most critical initiatives within this theme. Given the volume of change that is forthcoming, our people must be fully supported to enable them to make the best use of new capabilities that will be delivered. Technology solutions can be inherently challenging for people, especially without the necessary learning support as part of the implementation. Technology that is challenging is easily disengaged with, which is why this initiative is so important to the realisation of benefits within this critical theme. In a

similar vein, having a highly dynamic and engaging ICT service is fundamental to the success of the Digital to improve programme. A number of projects will be commissioned to make great strides in building on the solid foundations within the team today.

As it stands currently the ICT Helpdesk is servicing many customer requests, with an evident decreasing call count over the past 12 months. In order to provide a baseline, the charts below provide information on calls logged within the helpdesk system, with a breakdown based on call category. As part of the ICT Service Improvement project, significant changes to how the Service functions, being guided by recognised frameworks as appropriate, will be made. This will among many other aspects, greatly improve the performance monitoring and reporting capability.



Summary of Initiatives & Outcomes

The table below provides an overview of the initiatives within the Colleagues / Members theme, with a summary of the key positive outcomes that they will deliver.

Initiative	Description	Key outcomes	Distinct Projects
Agile workforce	Create a digital working environment that empowers and enables colleagues and members to work from anywhere, as effectively as they would be able to in an office. This will entail using technology to support the creation of a dynamic and collaborative working culture that can take place anywhere.	<ul style="list-style-type: none"> • A flexible, agile and empowered workforce that can access all required apps/services from anywhere • Reduced investment in tablets and smartphones by enabling our people to use their own, to securely access Council systems • Improved customer service and colleague safety via advanced operative technologies • Reduction in on-site infrastructure with key services such as file data centrally stored within cloud platforms led by a cloud strategy 	10
Connectivity enhancement	Broaden connectivity capabilities in a highly digital world, to enable all interested parties to have an improved and better-connected experience.	<ul style="list-style-type: none"> • Faster and more robust connectivity from main and satellite Council buildings, including the Leyland museum/market • Broader WiFi coverage across the borough to benefit of our internal and external customers 	3
End-user environment modernisation	Empower colleagues and members with modern end-user computing interfaces and solutions with the latest operating systems and productivity software. Enable users to work dynamically by serving applications and services to a broad range of devices. Enhance and modernise email services in-line with broader improvements.	<ul style="list-style-type: none"> • An empowered user environment with versions and hardware aligned to those that many are familiar with at home • Efficient centrally managed delivery of applications and services to devices • Increased productivity due to dual-screen installation for our colleagues in roles that will benefit from this facility 	6
External collaboration	Enable simple secure external collaboration with public and private sector partners, to reduce or remove the need to send file data via email.	<ul style="list-style-type: none"> • Reduced risk via assured secure sharing of data with our partners 	1

Initiative	Description	Key outcomes	Distinct Projects
ICT Service improvement	Create an ICT Service that can be fully supportive of SRBC's Digital Transformation, by improving the way the service is provided to the organisation. Ensure that ICT is consistently enabling and strategically advising the organisation as it moves through this exciting and extended period of change.	<ul style="list-style-type: none"> • A re-worked ICT Service structure that is aligned with the needs of an organisation under transformation • An ICT service that is functional and recognised as a strategic business partner • Clear service delivery agreements, monitoring, and reporting • Modern service desk and intranet systems to aid delivery of the service improvements 	4
Learning & Development	Ensure that the required learning and development frameworks/facilities are embedded, to support and enable Digital transformation. L&D is relevant to both colleagues and elected members alike, with a need to establish Digital champions that will help increase engagement and adoption.	<ul style="list-style-type: none"> • Establishment of a learning framework and culture to support the organisation on the transformation journey • Increased engagement with and tailored training for elected members • Nominated Digital champions to lead the support and promotion of changes through the life of the strategy 	3
Security & Compliance	Continue to make Security & Compliance key priorities for the Council, while ensuring that the controls employed are pragmatic and appropriate. Implement technologies to ease and improve user experience while maintaining and improving on security posture.	<ul style="list-style-type: none"> • Simpler, more efficient login processes that are more secure • Increased flexibility following rework of PSN service delivery and implementation of security practices that are appropriate to the Council • Reduced risk in terms of BC/DR and Cyber Security vulnerability 	4
Telephony & Real-time communication	Modernise the telephony and contact centre solution, to remove the limitations of legacy systems usable within Council premises only. Introduce real-time communication to enable new forms of communication including video, to increase efficiency and simplify cross-premises communication.	<ul style="list-style-type: none"> • Increased flexibility and agility by removing constraints associated with traditional phone systems • Improved customer experience when using the telephone contact channel • Increased efficiency and reduced costs due to real-time communication advancements 	2

Projects

The table below provides details of the projects aligned to each initiative outlined above, within the Colleagues / Members theme. An indicative completion timescale, as well as the key contributing services/teams are provided. The projects within this theme are all highly supportive of the Corporate Plan Transformation programme, as well as being enablers in meeting outcomes defined in the Our People priority.

Projects/phases listed in **blue** are recognised as quick win opportunities prioritised for early delivery within the roadmap.

Initiative(s)	Project	Complete by	Key contributors
Agile workforce End-user environment modernisation	End-user device review & refresh	2019.Q2 (P1 – Review) 2019.Q3 (P2 – Desktop publishing) 2019.Q4 (P3 – Refresh)	Helpdesk Infrastructure
Agile workforce	Bring your own device (BYOD) introduction	2020.Q1	Helpdesk Infrastructure
Agile workforce Security & Compliance	Mobile Device Management (MDM) Review	2019.Q4	Infrastructure
Agile workforce	Cloud platform & storage introduction	2019.Q3 (P1 – Foundation) 2019.Q4 (P2 – Photo Library)	Infrastructure
Agile workforce	Remote access improvement	2019.Q4	Infrastructure
Agile workforce	Agile working culture introduction	2020.Q2	Leadership
Agile workforce	Agile working governance introduction	2019.Q2	Leadership
Agile workforce	Cloud governance & strategy establishment	2019.Q2	Infrastructure Leadership
Agile workforce	Modern caretaker environment introduction	2019.Q1	Applications Infrastructure
Agile workforce	Modern operative environment introduction	2019.Q2 (P1 – Cameras) 2021.Q1 (P2 – Tracking) 2021.Q2 (P3 – Tracking LoB App Integration)	Applications Infrastructure

Initiative(s)	Project	Complete by	Key contributors
Connectivity enhancement	Site connectivity enhancement	2020.Q3	Infrastructure
Connectivity enhancement	WiFi Improvement	2019.Q2	Infrastructure
Connectivity enhancement	Borough WiFi introduction	2021.Q3	Infrastructure
End-user environment modernisation	Core directory service upgrade	2019.Q2	Infrastructure
End-user environment modernisation	Dual-screen introduction	2019.Q2	Infrastructure
			Leadership
End-user environment modernisation	Corporate email branding improvement	2019.Q1	Infrastructure
End-user environment modernisation	Corporate email enhancement	2019.Q1	Infrastructure
End-user environment modernisation	Address book housekeeping & enhancement	2019.Q1	Infrastructure
End-user environment modernisation	Email marketing introduction	2019.Q2	Applications
			Communications
External collaboration Security & Compliance	External collaboration implementation	2019.Q1 (P1 – eGress) 2020.Q1 (P2 – Office365)	Helpdesk
			Infrastructure
ICT Service Improvement	ICT Service Improvement programme	2019.Q2 (P1 – ITSM) 2019.Q2 (P2 – Skills / Training) 2019.Q3 (P3 – Service Desk Solution 2019.Q4 (P4 – Intranet) Ongoing (Continual Improvement)	All ICT
			Leadership
ICT Service Improvement Learning & Development	Digital strategy communications framework	2019.Q1	Leadership
ICT Service Improvement	ICT & Comms Resourcing review	2019.Q1 (P1 – Skills & Structure) 2019.Q3 (P2 – Expansion/Recruitment)	Leadership

Initiative(s)	Project	Complete by	Key contributors
ICT Service Improvement	ICT Reporting introduction	2020.Q1	Helpdesk Leadership
Learning & Development	Learning culture establishment	Ongoing – starting 2019.Q2	All ICT Leadership L&D Service (TBC)
Learning & Development	Member digital enhancement	Ongoing – starting 2019.Q2	All ICT
Learning & Development	Digital champion programme	2019.Q2	Leadership
Security & Compliance	Smart single sign-on implementation	2019.Q4	Applications Helpdesk Infrastructure
Security & Compliance	PSN Service Review	2019.Q2	Applications Infrastructure
Security & Compliance	BC/DR Remediation & Enhancement	2019.Q1 (P1 – Remediation) 2021.Q1 (P2 – Enhancement)	Infrastructure
Security & Compliance	Cyber Security Remediation & Enhancement	2019.Q1 (P1 – Remediation) Ongoing (P2 – Enhancement)	Infrastructure
Telephony & Real-time communication	Telephony refresh & real-time communication enablement	2020.Q2	Infrastructure
Telephony & Real-time communication	Contact centre refresh (interim)	2019.Q3	Infrastructure

Measures

We will measure the projects under the Colleagues / Members theme based on the following metrics:

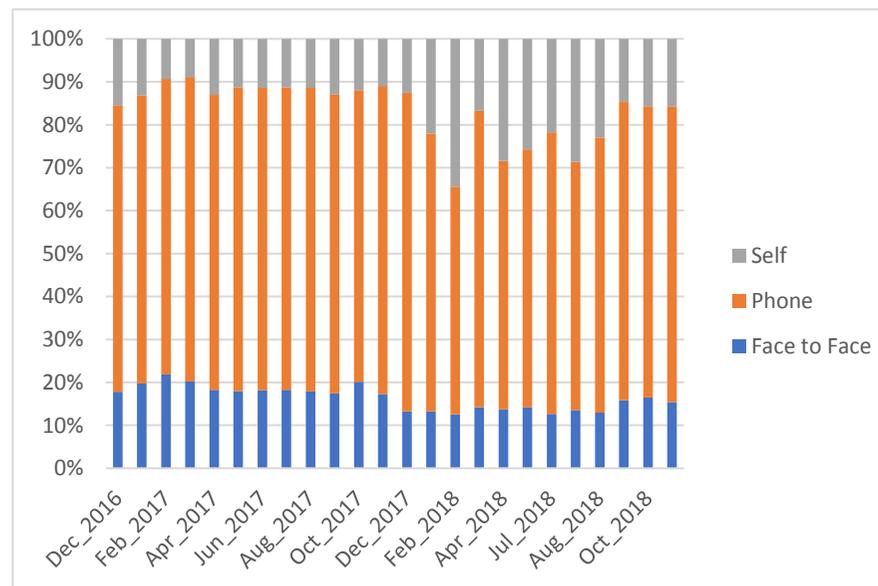
1. Number of Colleagues / Members engaging with BYOD technology (Determine via policies signed/users enabled)
2. Percentage of Colleagues / Members engaged in regular mobile working (Determine via survey)
3. Percentage of applications/services hosted on a cloud basis (Determine via service catalogue update/review)
4. ICT Service Desk SLA adherence (Determine via Service Desk system against defined and agreed SLAs)
5. ICT Service Desk customer satisfaction (Determine via proactive customer surveys via Service Desk system)
6. Member Digital confidence (Determine via survey)
7. Number of Member Digital champions (Determine via members enrolled in the programme)
8. Percentage of applications / services enabled for single sign-on (Determine via service catalogue update/review)
9. Percentage of successful BC/DR tests vs performed over a year (Determine via test reports, at least two are recommended annually)
10. Number of known cyber security breaches (Determine via monitoring and reporting processes)

Theme: Customers

Introduction

The Customers theme deals with the Digital and technology environment that our customers interact with, as part of their interaction with us. As an overall objective to help drive channel shift and reduce transaction costs, the way in which we present technology to our customers is key. Solutions must be attractive, simple and above all efficient to use if customers are to be encouraged to use this channel over more traditional options such as via phone or face-to-face.

Arguably the most significant and needed initiative of all identified within the strategy is the one concerning the website and self-service. This must not only be completely refreshed and enhanced, but also subject to a significant increase in promotion and marketing, to ensure that the likely investment required achieves the outcomes that this initiative sets out to create. Based on inbound request metrics obtained from the Firmstep CRM system, the chart below presents the picture over the last two years in terms of percentage of calls via the three main channels (face-to-face, phone, self-service).



The chart above clearly demonstrates the need to enhance and promote Digital services, due to the large proportion of customer enquiries that are either phone or face-to-face based. Over the two-year period reported, 72% of enquiries were raised via traditional phone or face-to-face channels, with only 18% that remained being of a self-service nature.

Source: SRBC Firmstep CRM System Data, Dec 2016-Nov 2018

The need to address the very real challenge that is Digital exclusion is another key area aligned to this theme. As the Council seeks to increase the use of Digital services, being mindful of and ensuring not to exclude disadvantaged groups or those unable to access Digital services is essential. As such, a number of projects will be engaged as part of the Digital inclusion initiative which will help in ensuring a broader spectrum of citizens have access to the connectivity, devices, and skills to flourish in a digitally oriented society.

Based on the Digital Exclusion Heatmap 2017, our likelihood of overall Digital Exclusion in South Ribble is classed as Medium. This is based on eight indicators across Digital and Social factors, as summarised in the table below:

Digital indicators			Social indicators		
Indicator	Description	Score (Rating)	Indicator	Description	Score (Rating)
Infrastructure (Combined)	Average score based on households without broadband availability (> 10Mbps) and a lack of 4G data service	1.59% (2/5)	Age	Adults over age 65	20.9% (4/5)
Offline	Adults not online within the last 3 months	8.9% (3/5)	Education	Adults with no qualifications and/or no level 1 qualifications	33.8% (2/5)
Basic Digital Skills	Adults who have all five basic digital skills	78% (2/5)	Income	Average income per taxpayer	£22,100 (3/5)
Basic Digital Skills Used	Adults who have used all five basic digital skills in the last 3 months	45% (2/5)	Health	Long term illness or disability	18% (3/5)

Source: Digital Heatmap 2017, The Tech Partnership

One final area where projects within this theme will support us in preparing for the future relates to the exciting period of economic development that the borough will experience over the next four years. The planned expansion of thousands of new build homes presents an excellent opportunity to integrate our Digital inclusion activities, by working with strategic partners to ensure these homes are Digitally enabled with robust and futureproofed connectivity from day one.

Summary of Initiatives & Outcomes

The table below provides an overview of the initiatives within the Customers theme, with a summary of the key positive outcomes that they will deliver.

Initiative	Description	Key outcomes	Distinct Projects
Customer technology interaction	Present a modern and innovative image via the use of technology in customer facing areas, in essence, Gateway. Later, expand this use of technology to include strategic locations situated across the borough in line with the Digital inclusion initiative.	<ul style="list-style-type: none"> Enhanced, simple and modern self-service capability for citizens that walk-in to the Civic Centre Reduced expensive face-to-face transaction volume Visitors steered toward revolutionised website/self-service capabilities via the use of a modern tablet (or similar) device, thereby highlighting new capability 	1
Digital inclusion	Improve digital readiness within South Ribble and provide non-technical citizens with opportunities to increase their engagement and familiarity with modern technology. Engage a programme to help address Digital exclusion as the Council moves toward services that are delivered digitally in the first instance.	<ul style="list-style-type: none"> New build homes designed/built with Digital in mind, reducing connectivity related exclusion Gateway based Digital access points expanded upon, to strategic locations across the borough. Potentially disadvantaged groups provided with localised convenient access to technology and therefore, digitally delivered services Preparedness for growth across the borough, via developments in digital infrastructure to include 4G/5G and high-speed internet, again reducing connectivity related exclusion Reduction in skills-based exclusion via a Digital skills programme, delivered in conjunction with key strategic partners 	3

Initiative	Description	Key outcomes	Distinct Projects
Website, self-service & customer digital interaction	Establish a completely refreshed, simple, modern and engaging website/self-service experience. Sites integrated with/alongside the website should be as seamlessly accessible as possible presenting the user with an intuitive experience that is very easy to navigate/search. Accompany this with an expansion in the use of social media that is also seamlessly integrated. Ensure that the team(s) responsible for managing and updating the website are appropriately resourced, skilled and structured. Finally, the website and related self-service capabilities must be well marketed to raise awareness and drive engagement.	<ul style="list-style-type: none"> • Increased engagement with the website and all digitally delivered services • Increased awareness of the services available to customers digitally • Significant improvements in channel-shift towards Digital self-service based interaction, thereby reducing the number of more expensive phone and face-to-face transactions • Improved perception of the Council and its innovation/excellence, especially to the younger demographic who will typically measure against well-established digital service providers • Established insight into digital performance and channel shift success via regular proactive monitoring of customer engagement with digital services 	11

Projects

The table below provides details of the projects aligned to each initiative outlined above, within the Customers theme. An indicative completion timescale, as well as the key contributing services/teams are provided. The projects within this theme are all highly supportive of the Corporate Plan Transformation programme, as well as contributing to the Health & Wellbeing, and Place priorities.

Projects/phases listed in **blue** are recognised as quick win opportunities prioritised for early delivery within the roadmap.

Initiative(s)	Project	Complete by	Key contributors
Customer technology interaction Digital inclusion	Digital access point introduction (Gateway and across the borough)	2020.Q1 (P1 – Gateway) 2020.Q3 (P2 - Borough)	Helpdesk Infrastructure Leadership
Digital inclusion	Digitally enabled homes programme	Ongoing – starting 2019.Q3	Leadership
Digital inclusion	Digital infrastructure capability	Ongoing – starting 2019.Q3	Leadership
Digital inclusion	Digital skills programme	Ongoing – starting 2019.Q2	Business Skills Community Partnership and Engagement Team L&D Service (TBC)
Website, self-service & customer digital interaction	Website refresh	2019.Q4	Applications Communications Infrastructure
Website, self-service & customer digital interaction	Social media expansion	Ongoing – starting 2019.Q3	Communications

Initiative(s)	Project	Complete by	Key contributors
Website, self-service & customer digital interaction	Mobile app	2020.Q4	Applications Communications
Website, self-service & customer digital interaction	Self-service improvements	2019.Q3 (P1 – SSO) 2019.Q4 (P2 – Payments) 2020.Q3 (P3 – Req. Referencing) 2020.Q3 (P4 – Req. Tracking) 2020.Q4 (P5 – Single property view) Ongoing (Continual improvement)	Applications Communications Infrastructure
Website, self-service & customer digital interaction	Website customer service	2020.Q1 (P1 – Web Chat) 2020.Q3 (P2 – Chat Bot)	Applications
Website, self-service & customer digital interaction	Electronic canvassing	2021.Q1	Applications Democratic Services
Website, self-service & customer digital interaction	Firmstep review	2019.Q2	Applications
Website, self-service & customer digital interaction	Smart home service access	2021.Q4	Applications Communications
Website, self-service & customer digital interaction	Website & self-service marketing	Ongoing – starting 2019.Q4	Applications Communications

Initiative(s)	Project	Complete by	Key contributors
Website, self-service & customer digital interaction	Website & self-service reporting	2019.Q2	Applications Helpdesk Leadership
Website, self-service & customer digital interaction	Website content development	Ongoing – Starting 2019.Q1	Communications

Measures

We will measure the projects under the Customers theme based on the following metrics:

1. Number of Digital transactions raised via self-service whilst within Council premises (Determine via service accessed from source IP address)
2. Number of Digital transactions raised via self-service whilst using Digital Access Points (Determine via tracking to determine source device type/location)
3. Percentage of new developments with Digital enablement incorporated into the building control/planning process in conjunction with partners (Determine via new metrics incorporated into relevant processes/procedures)
4. Number of adults enrolled on the Digital skills programme within our borough (Determine via monitoring of programme enrolments and participation)
5. Website customer satisfaction (Determine via customer surveys)
6. Percentage of self-service channel access vs phone/face-to-face (Determine via Firmstep CRM platform reporting)
7. Number and percentage of services enabled for Digital self-service (Determine via Firmstep CRM inventory)
8. Number and percentage of services available for smart-home device access (Determine via smart-home enabled service inventory)

Theme: Operations

Introduction

The Operations theme is focused on a number of key areas. One such area is the fundamental understanding and improvement of business/ICT processes that are supported by our ICT systems. This will be taken further by identifying inefficiencies and systematically removing them, via a number of approaches:

- Rationalising and consolidating systems to reduce the number that contribute to a given process
- Standardising on datasets and unique references in systems to ease the process of integration
- Automating and integrating systems to enable data to pass between without human intervention

Streamlining data flow between systems is one way the Operations theme will greatly improve the use, value, and efficiency of systems. One other example is the initiative that will centre on the data held within these systems and starting to use this for far greater purposes than is the case today. Recent years have seen dramatic improvements in technology that can analyse, develop models, report, shape, visualise and ultimately enhance the usability of raw data. Advanced analytics technologies such as Machine Learning and Artificial Intelligence can transform a historically static transactional dataset into one which adds significant value to decision making processes and monitoring. These technologies are becoming more accessible to a broader range of organisation thanks to advancements in cloud-based technology. They should, therefore, be subject to investigation and horizon scanning, to determine the appropriateness and use-cases within our Council.

Another key initiative within the Operations theme is to begin a journey toward a digitised and ultimately, paperless Council. Paper is an expensive medium for communication and record keeping, without beginning to think about the costs of printing, postage and handling time. It therefore represents a major opportunity to not only “spend to save”, but also to significantly increase efficiency and reduce manual overhead, especially in-service areas that still own manual processes involving the printing of thousands of letters. Technology solutions to reduce the burden and cost of paper processing exist today and will only continue to increase due to the damaging effects to our environment that are becoming increasingly recognised by society.

A more specific example of an operational service that will be streamlined and greatly enhanced is CCTV. This service will benefit from investment to improve capability, reduce risk and ultimately increase safety, over its current position. CCTV systems are inherently critical and as such, need to be appropriately specified and implemented to ensure resilience and availability of footage at all times.

Summary of Initiatives & Outcomes

The table below provides an overview of the initiatives within the Operations theme, with a summary of the key positive outcomes that they will deliver.

Initiative	Description	Key outcomes	Distinct Projects
CCTV	Establish a fit-for-purpose, robust and reliable CCTV system for the Council, to increase safety across all interested parties - customers, colleagues, and members.	<ul style="list-style-type: none"> • A safer borough and workforce • CCTV systems that are no longer vulnerable to disruption and/or data loss due to distributed deployment and single points of failure • Increased efficiency of processes involving monitoring and reporting from CCTV footage/data 	1
Data, analytics, BI and reporting	Increase the value of the Council's extensive pre-existing datasets by embedding intelligent analytics, mining, reporting, and BI practices. Ensure that data is assessed holistically across all relevant systems, to help identify valuable relationships between data in currently disparate information repositories.	<ul style="list-style-type: none"> • Predictive analytics and intelligent models that can aid decision making due to better, more dynamically generated supporting information • Identification of trends that would be difficult, time consuming if not impossible to recognise manually • Timely reporting with automated generation increasing efficiency and reducing manual overhead • Interrogation of Information spanning multiple systems enabling greater insight that holistically relates to data subjects, e.g. customers/service areas 	4
Paperless Council	Introduce and embrace technology as well as a culture of operating a paperless organisation. Realise efficiency savings in terms of financial, time/resource and physical storage, while streamlining processes and helping the environment.	<ul style="list-style-type: none"> • Significant financial and resource efficiency benefits due to reduced/removed paper handling • Risk reduction due to digitising legacy paper records vulnerable to threat, such as fire • Increased space to accommodate and re-organise physical building layouts currently consumed with paper/microfiche record storage • Reduced carbon footprint and positive environmental impact • Increased value of digital systems such as Mod.Gov 	6

Initiative	Description	Key outcomes	Distinct Projects
Systems Integration & Automation	One of the main aims of Digital transformation is to streamline operational processes to a point that they are extremely efficient and effectively supported/enabled by appropriate systems. Technology systems should be coherent and help rather than hinder process efficiency, they should remove the need (and not create) double entry and process step duplication.	<ul style="list-style-type: none"> • Understanding and documentation of business processes and the systems/functions that underpin them • Efficiency gains in terms of human resource effort through key processes. Reduction/removal of double entry/re-keying • Self-scanning (e.g. documentation) by customers to improve front-desk efficiency and reduce expensive transactions • Data consistency across systems for easier referencing and record retrieval • Use of a common reference across all integrated systems to simplify lookups, analytics and reporting • Efficient centrally managed delivery of applications and services to devices • Unified views for properties/customers to improve efficiency for our colleagues and simplify the experience for our customers 	7
Systems review & rationalisation	Ensure that the applications and services within the Council's ICT portfolio are appropriate and effective. Identify opportunities to replace, consolidate, migrate and decommission where sensible, in order to simplify the environment and ease future automation/integration.	<ul style="list-style-type: none"> • Simpler integration and automation due to reduction in multi-vendor processes/services • Cost efficiency due to consolidation of contracts with software vendors • Cost/resource efficiency via expansion of systems sharing as part of shared services arrangements • Improvements to internal/external customer functionality by identifying ways to increase use of maps/GIS • Identification of ongoing opportunities to increase use of cloud technologies and reduce/simplify in-house hosting needs 	5

Projects

The table below provides details of the projects aligned to each initiative outlined above, within the Operations theme. An indicative completion timescale, as well as the key contributing services/teams are provided. The projects within this theme are all highly supportive of the Corporate Plan Transformation programme, as well as contributing to the Health & Wellbeing, Place and Our People priorities.

Projects/phases listed in **blue** are recognised as quick win opportunities prioritised for early delivery within the roadmap.

Initiative(s)	Project	Complete by	Key contributors
CCTV	Refresh, standardise and deliver an enhanced CCTV service	2020.Q3	Infrastructure Neighbourhoods TBC
Data, analytics, BI and reporting	IDOX Data Mining introduction	2020.Q3	Applications
Data, analytics, BI and reporting	Data Warehouse & Analytics introduction	2020.Q4	Applications
Data, analytics, BI and reporting	Data technology horizon scanning review	2020.Q2	Applications
Data, analytics, BI and reporting	Data classification review	2019.Q4	Applications
Paperless Council	Paperless Council realisation	2021.Q1 (P1 – Review & Assess) 2021.Q2 (P2 – End-to-end) 2021.Q4 (P3 – Scanning) 2021.Q4 (P4 – Inbound post)	All ICT Leadership
Paperless Council	Paperless letter fulfilment	2019.Q1 (P1 – Planning & Dem Services) Ongoing (P2 – Ongoing expansion)	Applications Dem. Services Infrastructure Leadership Planning

Initiative(s)	Project	Complete by	Key contributors
Paperless Council	E-Payslips implementation	2020.Q1	Applications Shared HR/Payroll
Paperless Council	Digitised insurance & claims system introduction	2019.Q1	Applications Shared Assurance Serv.
Paperless Council	Digital asset management system introduction	2019.Q3	Applications Infrastructure Neighbourhoods
Paperless Council	Paperless culture integration	2021.Q1	Leadership
Systems Integration & Automation	Process mapping review	2019.Q2	Applications
Systems Integration & Automation	Process automation continual innovation	Ongoing – starting 2019.Q3	Applications
Systems Integration & Automation	Front-end self-scanning driven automation	2020.Q2	Applications
Systems Integration & Automation	Single account view introduction	2020.Q1	Applications
Systems Integration & Automation	Front-end to back-end automation	2020.Q4	Applications
Systems Integration & Automation	UPRN unique key establishment	2019.Q3	Applications
Systems Integration & Automation	Automation platform training/development	2020.Q1	Applications
Systems review & rationalisation	Core systems review	2019.Q1	Applications Helpdesk Infrastructure
Systems review & rationalisation	IDOX Enterprise capability and benefits review	2021.Q2	Applications
Systems review & rationalisation	Shared services systems review	2019.Q1	Applications
Systems review & rationalisation	GIS innovation review and expansion	2020.Q4	Applications
Systems review & rationalisation	Cloud offering assessment and opportunity review	Ongoing – starting 2019.Q3	All ICT

Measures

We will measure the projects under the Operations theme based on the following metrics:

1. Percentage of reports incorporating multi-system data (Determine via report inventory)
2. Percentage of paperless processes (Determine via process mapping, with reference to paper-free processes)
3. Percentage of paperless service areas (Determine via process mapping per service area, with reference to paper-free processes)
4. Printing volume based on primary print contract (Determine via printing reporting tool)
5. Percentage of large-volume letters fulfilled externally vs internally (Determine via Critiqom fulfilment stats vs internal office services franking requirements)
6. Number and percentage of processes automated (Determine via process automation inventory)
7. Number and percentage of end-to-end processes automated (Determine via process automation inventory)
8. Percentage of relevant systems with integration based on/incorporating UPRN (Determine via process automation/system inventory)
9. Number of core line of business applications/services in Production use (Determine based on service catalogue data)
10. Number of systems and front-end forms incorporating GIS mapping capabilities (Determine based on service catalogue data and front-end form inventory)

Theme: Services

Introduction

The Services theme deals with specific enhancements to the way customer service is delivered, separate to the more general initiatives included within the Customers theme. It encompasses two main initiatives; both of which have the potential to significantly modernise the way many services are delivered.

The first relates to customer appointment bookings, which today is not something that we offer. Many other public and private sector organisations provide this type of service, in addition to making this a customer-managed process to reduce the burden on our people. To further this and help mitigate the risk of appointments being missed, text message notifications will be incorporated which again has become increasingly normal across organisations of many shapes and sizes. It is therefore what our customers will increasingly come to expect – if they don't already.

The second major opportunity that is presented as an initiative within this theme is how we deal with customer payments; specifically, those made on Gateway or out in the field. Simple card/contactless payment readers are now becoming mainstream, to a point that many businesses ranging from corner shops to street traders have this facility. The society that we live is becoming increasingly cashless, and as such we can take this opportunity to, with little investment, be at the forefront and ease how customers pay us in a variety of different scenarios.

Summary of Initiatives & Outcomes

The table below provides an overview of the initiatives within the Services theme, with a summary of the key positive outcomes that they will realise.

Initiative	Description	Key outcomes	Distinct Projects
Customer appointments & notifications	Provide services that allow customers to book appointments for a time that suits them, via the self-service interface, as appropriate. Ensure these services can offer simple text message reminders to minimise the risk of missed appointments, in-line with the services offered by many other organisations today. Identify other opportunities to use text message communication on a more proactive basis to communicate key reminders to citizens of the borough.	<ul style="list-style-type: none"> Streamlined customer experience due to self-managed appointments High probability of appointment attendance due to proactive reminders Perception of an innovative and up-to-date Council by adopting processes commonly seen elsewhere in both the public and private sector Proactive outbound communication to reduce routine enquiries such as when bills are due or what bin needs to be put out, increasing efficiency overall 	2
Customer payment processing	Expanded in-person payment options given the vast growth in the use of chip and PIN/contactless as a day-to-day payment method.	<ul style="list-style-type: none"> Increased efficiency and improved customer experience due to additional concurrent payment capacity on Gateway Increased efficiency and improved customer experience due to the ability to process card/contactless payment at events/festivals and when completing services such as garden waste collection Reduction in officer cash handling due to flexible card-based payment options Ability to process card payments out of hours without any dependency on gateway; again, useful for officers out on the field delivering Council services 	1

Projects

The table below provides details of the projects aligned to each initiative outlined above, within the Services theme. An indicative completion timescale, as well as the key contributing services/teams are provided. The projects within this theme are all highly supportive of the Corporate Plan Transformation programme, as well as contributing to the Place priority.

Projects/phases listed in **blue** are recognised as quick win opportunities prioritised for early delivery within the roadmap.

Initiative(s)	Project	Complete by	Key contributors
Customer appointments & notifications	Customer appointments and notifications	2020.Q4	Applications Customer Services Infrastructure
Customer appointments & notifications	Proactive customer notifications	2020.Q4	Applications Customer Services
Customer payment processing	Wireless Chip & PIN	2019.Q1	Applications Customer Services Infrastructure

Measures

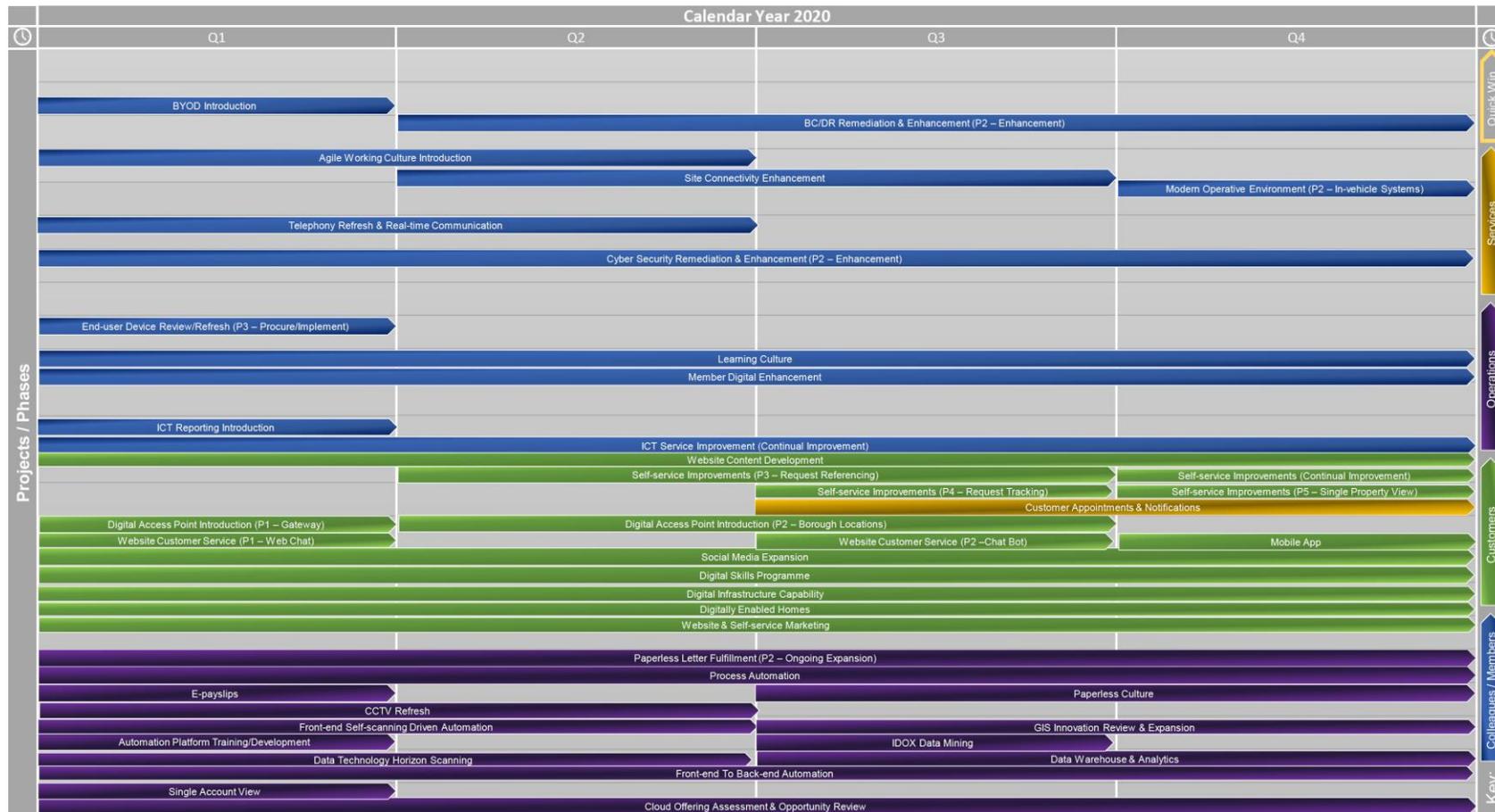
We will measure the projects under the Services theme based on the following metrics:

1. Number of customer self-booked appointments (Determine via appointment booking metrics)
2. Percentage of missed appointments (Determined via appointment attendance metrics)
3. Number of routine phone enquiries (Determined CRM reporting data)
4. Number of payments made via Wireless Chip & PIN (Determined via device usage data)
5. Percentage of payments made via Wireless Chip & PIN vs Cash (Determined via inbound ad-hoc payment data)

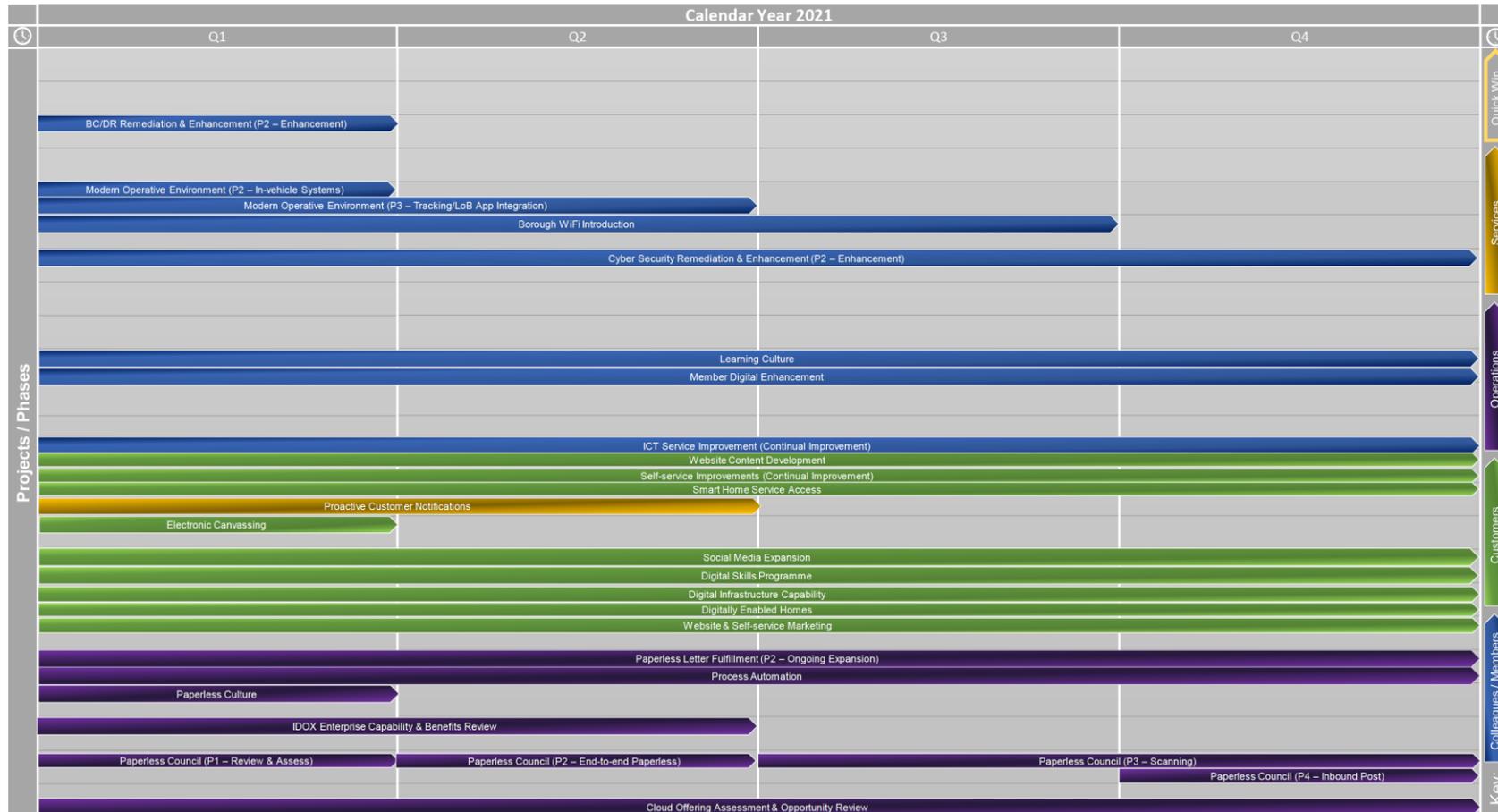
Appendix 2 – Digital to improve roadmap Year 1 – 2019



Year 2 – 2020



Year 3 – 2021



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REPORT TO	ON
CABINET	13 February 2019



TITLE	PORTFOLIO	REPORT OF
Refurbishment of Worden Park Play Area	Deputy Leader and Cabinet Member (Neighbourhood and Streetscene)	Assistant Director of Neighbourhoods and Development

Is this report a KEY DECISION (i.e. more than £100,000 or impacting on more than 2 Borough wards?)	Yes
Is this report on the Statutory Cabinet Forward Plan ?	Yes
Is the request outside the policy and budgetary framework and therefore subject to confirmation at full Council?	No
Is this report confidential?	No

1. PURPOSE OF THE REPORT

- 1.1 The report seeks Members' approval to allocate Section 106 monies, as part of the Green Links Project approved at budget 2018/19, to partially refurbish Worden Park Play Area with inclusive equipment allowing use by individuals of all abilities.

2. PORTFOLIO RECOMMENDATIONS

- 2.1 That Cabinet approves the capital spend of £170,000 to permit the partial refurbishment of the play area at Worden Park.
- 2.2 Cabinet approves the decision to undertake a procurement exercise to procure and install the play equipment for the partial refurbishment of the play area at Worden Park.
- 2.3 Cabinet approves delegated authority to the Assistant Director of Neighbourhoods and Development in consultation with the Deputy Chief Executive (Resources and Transformation) with the Portfolio Holder for Neighbourhoods and Streetscene to award the contracts.

3. REASONS FOR THE DECISION

- 3.1 Health and Wellbeing is a major priority within the Council's Corporate Plan. We want to promote our health and wellbeing objectives by developing high quality community open spaces, connected across the borough which supports residents in adopting healthier and more active lifestyles. The investment in our parks and green links will connect a network of community open spaces developed in partnership with local neighbourhoods across the borough offering opportunities for sustainable travel, leisure activities, sustainable living and a sense of connecting people to places.

- 3.2 Our play area on Worden Park promotes Health and Wellbeing by encouraging active lifestyles and is a highly popular and well used facility with people of all abilities. A number of items of equipment have failed or are failing and in order to maintain the site in a usable condition an element of refurbishment is required. In addition to this the type of equipment proposed to be installed will move away from the traditional play equipment to equipment that will encourage active play.

4. CORPORATE PRIORITIES

- 4.1 The report relates to the following corporate priorities:

Excellence and Financial Sustainability	
Health and Wellbeing	X
Place	X

Projects relating to People in the Corporate Plan:

People	
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5. BACKGROUND TO THE REPORT

- 5.1 Health and Wellbeing is a major priority within the Council's Corporate Plan. As part of the Green Links, the aim is to create a Borough that is linked together by its green network connecting our parks including Worden Park, open spaces and Central Park. Through investing on a borough wide scale, there will be connections that join and open up more places for people to enjoy including the Worden Park play area. A key outcome to improve the health of our residents is to increase their participation in physical activity. As part of this priority, people will be encouraged to use sustainable forms of transport including walking, cycling and running. This in itself will encourage a healthier and active lifestyle while improving the environment of the Borough.
- 5.2 As outlined within the 'Health and Well Being' section of the Corporate Plan 2018 – 2023, the focus of the health and well-being actions is upon the future health of our growing population and that developing and maintaining active lifestyles is a key building block to achieving this. The most recent South Ribble Partnership Survey with residents identified that parks/open spaces, more facilities for young people and good leisure, recreation and other entertainment facilities within the Borough were important aspects to the people of South Ribble.
- 5.3 Worden Park is the principal park within the Leyland area and proves to be extremely popular with residents and visitors alike attracting in excess of 250,000 visitors each year, a large proportion of these visitors utilise the play area on a regular basis.
- 5.4 Currently the Council is in receipt of an amount of Section 106 money related to Buckshaw Village the requirements of which identify the monies should be spent on Public or Community Infrastructure within a 2 mile radius of the development. Worden Park as a sub-regional facility would indeed attract residents from Buckshaw Village and therefore it would be reasonable to use such monies on Worden Park.
- 5.5 The play area has existed in its current location since the early 1960's and a number of items of the original equipment such as the swings still remain.
- 5.6 The last partial refurbishment of the play area took place in 2011, a large proportion of the equipment has been in situ for approximately 20 – 30 years and is now starting to show it

age and maintenance costs have risen considerably with a number of items having passed the stage of economical repair resulting in their withdrawal from use.

- 5.7 During the last partial refurbishment of the site the equipment installed was of a type that was inclusive allowing use by individuals of all abilities this has proved extremely popular and has received positive feedback from park users.
- 5.8 As part of the Council's aim to encourage active lifestyles the type of equipment proposed to be installed will encourage more active play. This includes for example a Teqball table which is a new type of equipment a cross between a football and table tennis table. The table is arched and divided in two halves with a solid net in the middle and is played with a football and feet and heads rather than ball and bats.

6. PROPOSALS (e.g. RATIONALE, DETAIL, FINANCIAL, PROCUREMENT)

- 6.1 It is proposed to replace a number of items of play equipment with items that encourage activity which is designed to be utilised by individuals of all abilities, this will enable a greater range of individuals to use the facilities provided.
- 6.2 As identified a number of items have failed in recent years and a number of other items are beginning to fail, it is intended to replace these with inclusive items which include the following:
Wheelchair swing
Cable ride
Swing set
Multi-unit climber (toddler)
Multi-unit climber (junior)
Roundabout
Seesaw
Various sensory equipment
- 6.3 It is intended to install additional equipment in the vicinity of the play area, this would be aimed at engaging people of all ages in both physical and mental activity this would include an outdoor chess table and a Teqball table.
- 6.1 The equipment would be purchased in line with the Council's procurement procedures, however given the equipment is manufactured by a number of suppliers it would be purchased through a number of smaller lots to ensure the equipment identified is obtained.

7. CONSULTATION CARRIED OUT AND OUTCOME OF CONSULTATION

- 7.1 Consultation at Worden Park has been carried out on a number of occasions in recent years and this has identified a need for dynamic equipment and inclusive equipment to be provided.

8. ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

- 8.1 The option to maintain the current equipment levels was considered however this would mean that the equipment would continue to deteriorate and the opportunity to enhance and improve the facilities and increase its usability by individuals of all abilities would be missed.

9. FINANCIAL IMPLICATIONS

- 9.1 The Council has received s106 contribution for the purpose of providing public infrastructure within a 2 mile radius of Buckshaw Village. This receipt can be used to fund the provision of playground equipment. Maintenance and repair costs will be considered as part of the

contract appraisal process to ensure appropriate provision is made in the parks revenue budget.

- 9.2 Provision of new equipment will mitigate future reactive repairs costs through initial manufacturer's warranties. This allows existing funds to be redirected to a future maintenance fund or replacing other equipment.

10. LEGAL IMPLICATIONS

- 10.1 Please see the Monitoring Officer comments. There are no legal concerns with what is proposed.

11. HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT IMPLICATIONS

- 11.1 None.

12. ICT / TECHNOLOGY IMPLICATIONS

- 12.1 None.

13. PROPERTY AND ASSET MANAGEMENT IMPLICATIONS

- 13.1 None.

14. RISK MANAGEMENT

- 14.1 As identified previously the equipment currently in situ is now beginning to deteriorate and failure to replace this equipment would affect the usability of the facility in the future. Should the section 106 monies not be spent within the designated timescales there may be a requirement to return this to the developers concerned.

- 14.2 Provision of new equipment will also mitigate any potential claims from users should equipment fail.

15. EQUALITY AND DIVERSITY IMPACT

- 15.1 The provision of inclusive equipment would increase the ability for individuals of all abilities to utilise the site and equipment.

16. RELEVANT DIRECTORS RECOMMENDATIONS

- 16.1 That Cabinet approves the currently allocated spend of £170,000 to permit the partial refurbishment of the play area at Worden Park.

- 16.2 Cabinet approves the decision to undertake a procurement exercise to procure and install the play equipment for the partial refurbishment of the play area at Worden Park.

- 16.3 Cabinet approves delegated authority to the Assistant Director of Neighbourhoods and Development in collaboration with the Deputy Chief Executive (Resources and Transformation) and the Portfolio Holder for Neighbourhoods and Street Scene to award the contracts.

17. COMMENTS OF THE STATUTORY FINANCE OFFICER

This project is part of the Green Links and has been included in the proposed Capital Programme for 2018/19. The detailed Capital Programme was approved in February 2018.

18. COMMENTS OF THE MONITORING OFFICER

Section 106 monies may only be spent for the purposes set out in the relevant section 106 agreement. In this instant the proposed use of these monies is in accordance with the agreement in question.

All necessary procurement exercises will be carried out in accordance with the Council's Contract Procedure Rules. Formal contract documentation will be drawn up.

Obviously once this equipment has been installed we must ensure that we have the necessary insurance in place.

19. BACKGROUND DOCUMENTS

19.1 None.

20. APPENDICES

20.1 None.

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