

Public Document Pack



COTSWOLD
DISTRICT COUNCIL

Thursday, 24 March 2022

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CABINET

A meeting of the Cabinet will be held in the Council Chamber at the Council Offices, Trinity Road, Cirencester on **Monday, 4 April 2022 at 6.00 pm.**

Rob Weaver
Chief Executive

To: Members of the Cabinet
(Councillors Rachel Coxcoon, Tony Dale, Andrew Doherty, Mike Evemy, Jenny Forde, Joe Harris, Juliet Layton and Lisa Spivey)

Recording of Proceedings – The law allows the public proceedings of Council, Cabinet, and Committee Meetings to be recorded, which includes filming as well as audio-recording. Photography is also permitted.

As a matter of courtesy, if you intend to record any part of the proceedings please let the Committee Administrator know prior to the date of the meeting.

AGENDA

1. **Apologies**
2. **Declarations of Interest**
To receive any declarations of interest from Members and Officers, relating to items to be considered at the meeting.
3. **Minutes (Pages 5 - 12)**
To approve the minutes of the meeting held on 7 March 2022.
4. **Chair's Announcements (if any)**
5. **Public Questions**
To deal with questions from the public within the open forum question and answer session of fifteen minutes in total. Questions from each member of the public should be no longer than two minutes each and relate issues under the remit of the Cabinet.
6. **Member Questions**
To deal with written questions by Members, relating to issues under the Cabinet's remit, with the maximum length of oral supplementary questions at Cabinet being no longer than one minute. Responses to any supplementary questions will be dealt with in writing if they cannot be dealt with at the meeting.
7. **Publica Business Plan 2022-2024 (Pages 13 - 32)**
Purpose
To consider the Publica Business Plan 2022-25 and any comments made by the Overview and Scrutiny Committee on the draft Business Plan and to recommend that the Leader (as Shareholder Representative) approves the plan, subject to any comments the Cabinet wishes to make and those made by other Shareholder Councils.

Recommendation(s)
That – subject to any comments it makes - the Cabinet recommends the Publica Business Plan 2022-25 be approved by the Leader, as the Council's Shareholder Representative for Publica Group (Support) Ltd and subject to any minor amendments that might arise from the final stages of consultation with the Shareholder Councils and/or general editing.
8. **Recovery Investment Strategy (Pages 33 - 80)**
Purpose
To refresh the Recovery and Investment Strategy framework within which the Council can invest in the infrastructure of the Cotswold District that delivers on the Council priorities.

Recommendation(s)
That Cabinet recommends the strategy to Council for adoption.
9. **First Homes (Pages 81 - 96)**
Purpose

To inform members of a new affordable housing tenure in the form of 'First Homes' and consider a Guidance Note on Interpretation of Policy H2 (Cotswold District Council Local Plan 2011-2031) following the introduction of First Homes.

Recommendation(s)

a) To note the new tenure First Homes that will become part of the standard affordable housing offer on all new build sites; and

b) approve the Guidance Note on Interpretation of Policy H2 (Cotswold District Council Local Plan 2011-2031) following the introduction of First Homes.

10. **Approval for the use of funds from the Capital Programme to invest in the Council's leisure facilities (Pages 97 - 132)**

Purpose

To approve the use of funds in the Capital Programme for the delivery of a Capital Investment project, as detailed in this report and supporting documentation, by SLM Everyone Active (SLM)

Recommendation(s)

That Cabinet recommends to Council:

a) That SLM is given approval to complete the Capital Investment project.

b) That SLM's proposed Option (1) as set out in Annex A is approved with the remainder of the Capital budget being retained for investment in Leisure Equipment.

That the authority to approve expenditure of the retained balance of the Capital budget, if Option (1) is supported, is delegated to the Portfolio Holder for Leisure.

11. **£150 Council Tax Rebate and Refugee Hosting Allowance (Pages 133 - 138)**

Purpose

To consider the disregard of the Government's £150 Council Tax Rebate and the monthly allowance for hosting a Ukrainian Refugee within the assessment of the Local Council Tax Support Scheme

Recommendation(s)

That Cabinet asks the Chief Executive to take an decision using Urgency Powers to approve: :

a) £150 Council Tax Rebate be fully disregarded from the assessment of Council Tax Support;

b) That the monthly allowance for Hosting Ukrainian Refugees be fully disregarded

c) Any further incentive payments that support the Ukrainian refugee crisis is also fully disregarded; and

d) The 2022/2023 Council Tax Support scheme be amended to reflect these additional disregards

12. **Schedule of Decisions taken by the Leader of the Council and/or Individual Cabinet Members**

13. **Issue(s) Arising From Overview and Scrutiny and/or Audit**

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Agenda Item 3

Cabinet
07/March2022



COTSWOLD
DISTRICT COUNCIL

Minutes of a meeting of Cabinet held on Monday, 7 March 2022.

Councillors present:

Rachel Coxcoon
Andrew Doherty
Mike Evely

Jenny Forde
Joe Harris
Juliet Layton

Lisa Spivey

Officers present:

Angela Claridge, Director of Governance & Development
Caleb Harris, Strategic Support Officer
Claire Locke, Group Manager
Phil Measures, Service Leader
Ben Patel-Sadler, Senior Democratic Services Officer
Jenny Poole, Deputy Chief Executive
Rob Weaver, Chief Executive
Frank Wilson, Executive Director (Finance)

Observers:

Councillor Stephen Andrews
Councillor Patrick Coleman

101 Apologies

There were no apologies for absence.

102 Declarations of Interest

There were no declarations of interest.

103 Minutes

Cabinet agreed that the following amendment would be made to the draft minutes:

At page 11 (minute 97) of the draft minutes, the words 'above £500' should be deleted.

Councillor Joe Harris proposed that the Cabinet approve the minutes of the 7 February 2022 meeting subject to the above amendment being made.

This was seconded by Councillor Mike Evely.

RESOLVED that the Minutes of the meeting of Cabinet held on 7 February 2022 be approved as a correct record subject to the relevant amendment being made.

Record of Voting – for: 7, against: 0, abstention: 0, absent: 1.

104 Chair's Announcements (if any)

The Chair addressed the conflict in Ukraine, with Cabinet noting the unfolding humanitarian crisis and the scale of the number of people leaving the country to flee the conflict.

Cabinet noted that the Cotswolds would play its part in ensuring that refugees fleeing the conflict would be provided with sanctuary. Plans were currently being developed to determine the exact offer from the District in this regard.

Cabinet noted that some Cotswold residents had relatives attempting to flee the Ukraine to join their families here.

Cabinet noted that the Local Plan Consultation was going well. The Chair encouraged all Members and residents to take part in the survey so their voices could be heard.

The Chair wished to place on record his thanks to Councillor Coxcoon and the Officers working on this project for ensuring that the revised consultation platform had resulted in an easier and more efficient collation and analysis of responses.

105 Public Questions

There were no public questions.

106 Member Questions

There were no Member questions.

107 Financial, Council Priority and Service Performance Report - 2021-22 Quarter Three

The Chief Executive introduced the report and addressed the key headlines, including a performance improvement around benefit processing, a reduction in call waiting times, the land charges team bringing their performance back within targets and the number of missed bin collections reducing.

Cabinet noted that an improvement in performance was required in relation to the number of food inspections (although recruitment had been undertaken in this area which would have a positive impact on performance going forwards).

Cabinet further noted that the Overview and Scrutiny Committee had recently considered the Performance Report and their feedback and comments had been shared with the Cabinet.

Cabinet noted that work would be continuing to ensure that the layout of Performance Reports would be amended to ensure they were easy to read and that performance trends could be easily identified. These amendments would be undertaken alongside the work and associated recommendations of the Performance Task and Finish Group.

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The Deputy Chief Executive addressed the Cabinet and highlighted the key financial aspects of the report, with Members noting the underspend in relation to the current budget.

Cabinet noted the current financial pressures facing the Council and where revenue may decrease in the future (for example if the usage of car parks did not significantly increase following the Covid-19 pandemic).

In response to a Member query, Cabinet noted that the Council's Car Parking Improvement Board would welcome feedback from Members in relation to how the enforcement service would interact and manage relationships with the public as the service returned to an 'in-house' arrangement.

Cabinet noted that the Planning team had worked to ensure that referrals made by the Planning Referrals Group were robust in terms of current legislation, ensuring that appropriate planning recommendations were submitted by Officers for consideration by the Planning Committee.

Cabinet noted that in terms of increased amounts of recycling collections, it was anticipated that this trend would continue.

Cabinet noted that a new boiler had been purchased for the Trinity Road site due to the old system having failed and certified as beyond economic repair.

Cabinet further noted the additional costs related to the recently agreed staff pay award (for the current financial year). This had been budgeted for.

Cabinet noted the shortage of public sector staff across the country and the associated competitive nature of recruitment when attempting to fill vacant positions.

Cabinet noted the challenges associated with the provision of affordable housing.

RESOLVED:

That the Cabinet reviewed overall progress on the Council priorities, service delivery and financial performance for 2021-22 Q3.

108 Changes to Cotswold District Council's Offices at Trinity Road, Cirencester to Facilitate Agile Working and Increase Commercial Income

The Deputy Leader of the Council and Cabinet Member for Finance introduced the report.

The proposals outlined in the report were based on feedback from staff and the requirements associated with the renting out of office space to external organisations.

Cabinet noted that approximately 35% of the office space at the Trinity Road site would be rented out.

Cabinet further noted that meeting/collaborative space would be available for Council staff to use. The future arrangements would seek to meet the needs of the Council and its employees based on their roles.

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Cabinet noted the costs associated with the setting up of the offices to accommodate the future arrangements as outlined in the report. Works had been prioritised based on their urgency.

Members noted the forecasted revenue generation following the implementation of the proposed working arrangements.

Cabinet noted that staff would be encouraged to minimise their energy usage when working from home to assist in tackling the current climate emergency. Works would also be undertaken at the Trinity Road to improve the energy performance of the building.

Due to the increase in energy costs, Cabinet noted that staff and organisations would become increasingly mindful of their energy use.

In response to a Member query, the Cabinet noted that Officers would look at using second-hand furniture to avoid procuring new furniture which would assist in reducing the carbon footprint associated with the furnishing of the building.

Cabinet noted that planning work had been undertaken to ensure that teams were placed in appropriate areas away from potential tenants to minimise disruption (staff call handling teams being in their own designated areas, along with staff dealing with sensitive information being afforded privacy for example). This work would be continually progressed.

Cabinet expressed a view that it would be important to ensure that the new offices were comfortable and modern which would aid productivity and would appeal to internal staff and external organisations looking to rent space within the Trinity Road site.

Cabinet were provided with assurance that the gender split in terms of future office space usage would be monitored as well as the gender pay gap.

Cabinet noted that provision for staff being able to wash and shower at the office would be included in the future plans. This was particularly relevant for staff who sometimes worked in muddy/dirty conditions off-site but who would often need to return to the office later in the day.

As part of these works, Cabinet noted that work would be undertaken to de-clutter the building to increase the amount of usable space.

A separate piece of work would be undertaken in the future to determine how the Council's civic space might be used and utilised.

Councillor Mike Evemy proposed that the final decision on whether or not to proceed with the proposals should be submitted for the Council to take a final decision at the 16 March 2022 meeting.

This was seconded by Councillor Joe Harris.

RESOLVED:

That Cabinet agrees to recommend that Council:

- (a) Supports the proposed changes to office layout;
- (b) Seeks tenants to occupy space that will be created in the West wing of the building;
- (c) Delegates authority to the Deputy Chief Executive to agree lease arrangements in consultation with the Interim Head of Legal Services and the Deputy Leader and Cabinet Member for Finance. Page 95
- (d) Allocates funding of up to £975,000 from the Recovery Investment Strategy budget in the Capital Programme to facilitate the changes to the Trinity Road offices and fund structure repairs identified in the building condition survey;
- (e) That the detailed costs be agreed by the Chief Executive in consultation with the Deputy Chief Executive and the Deputy Leader and Cabinet Member for Finance.
- (f) Notes that the gross revenue savings of £202,000 will contribute towards the savings from the Recovery Investment Strategy.

Record of Voting – for: 7, against: 0, abstention: 0, absent: 1

109 Electric Vehicle Charging Point Infrastructure and Fee Setting

Councillor Rachel Coxcoon introduced the report.

Cabinet noted that the newly installed chargers would not only be suitable for current vehicle charging purposes, they could be upgraded in the future if required.

Cabinet further noted that discussions were taking place with partner authorities and landowners to ensure charging points were installed at appropriate sites across the District.

Cabinet noted that the price of energy had resulted in difficulties in determining what an appropriate charging fee would be.

Mr McKeown as a member of the public addressed the Cabinet with some comments in relation to charging rates during off-peak hours at the discretion of the Chair.

Cabinet noted the difference in price in relation to those individuals who could charge at home using their own energy supply and the proposed charges of the Council's charging points.

Cabinet noted that work was continuing in relation to charging, but noted that fees needed to be flexible in relation to demand.

Cabinet noted that Officers would look into rates for overnight/off-peak charging.

Cabinet noted that until demand was known, it was not yet possible to determine exact rates for day and evening charging rates.

Cabinet noted that Officers would be cognisant of a potential booking system so that charging points could be used as efficiently as possible, by as many people as possible.

Cabinet noted the importance of working with Town and Parish Councils to ensure that charging points were installed in both town and rural locations (according to need).

Councillor Rachel Coxcoon proposed that Cabinet agreed the recommendations as outlined in the report.

This was seconded by Councillor Mike Evemy.

RESOLVED that Cabinet:

(a) Approve that the first phase of EVCPs are installed, as detailed in this report, with costs of up to £259,123 inclusive of a 5% contingency sum utilising capital allocated within the MTFS but noting that this sum will reduce to approximately £163,000 if grant funding is received;

(b) Note that the replacement fast chargers for Beeches Road, Cirencester and Moreton in Marsh have been pre-approved by the Chief Executive using Urgency powers;

(c) Delegate authority to the Deputy Chief Executive/S.151 officer in consultation with the Deputy Leader/Cabinet Member for Finance and Cabinet Member for Climate Change and Forward Planning to agree final costs in (a) prior to work commencing;

(d) agree that a standard fee per kWh is introduced based on the formula within the report, comprising revenue costs + £0.04. Based on current electricity price forecasts of £0.24/ kWh, the fee to the customer would be £0.37/kwh;

(e) that delegated authority is given to the Deputy Chief Executive in consultation with the Deputy Leader and Cabinet Members for Finance and Climate Change to review and set fees between the annual renewal process, to mitigate the risk of financial losses to the Council, as costs fluctuate;

(f) That amendments are made to the Parking Order, restricting vehicles from parking in charging bays unless they are charging a vehicle;

(g) delegated authority is given to the Deputy Chief Executive in consultation with the Deputy Leader and Cabinet Member for Finance to review and make a final decision following consultation feedback on the amendments to the Parking Order;

(h) that the financial implications of this report be built into the revenue budget (income and expenditure) in the future based upon the projections given in the business case.

Record of Voting – for: 7, against: 0, abstention: 0, absent: 1.

110 Glover Review of Protected Landscapes - Consultation Response to Government Report

Councillor Juliet Layton introduced the report with Cabinet noting the response provided by the Council in relation to Glover Review of Protected Landscapes.

Cabinet

07/March2022

Cabinet noted that the Council was not supportive of the District becoming a National Park. The Government had not yet responded directly in terms of the Cotswolds becoming a National Park. Cabinet further noted that the Council's response to the Review sought a response from the Government in this regard.

Cabinet noted that as a planning authority, the Council had a wider scope of activities than that of a National Park (a landscape focus). It would be important that policy was not designated to an authority fulfilling the planning function. Cabinet noted that the Council was seeking to retain as many planning responsibilities as possible.

Cabinet agreed that Officers would be given delegated authority to liaise with Cabinet Members to ensure the responses to specific questions were as robust as they needed to be.

Cabinet noted the importance of ensuring that adequate social and affordable housing was available across the District.

Councillor Juliet Layton proposed that Cabinet agree the recommendations as outlined in the report.

This was seconded by Councillor Joe Harris.

RESOLVED that Cabinet:

(a) Approves Annex A for submission to Government as the Council's response to the consultation on the Government response to the Glover Review.

(b) Gives delegated authority to the Chief Executive to make minor alterations to the responses in Annex A in consultation with the Cabinet Member for Development Management and Licensing

Record of Voting: for: 7, against: 0, abstention: 0, absent: 1.

III Schedule of Decisions taken by the Leader of the Council and/or Individual Cabinet Members

Cabinet noted the decisions taken by the Cabinet Member for Development Management and Licensing and the Cabinet Member for the Environment, Waste and Recycling.

II2 Issue(s) Arising From Overview and Scrutiny and/or Audit

Cabinet noted the document provided by the Chair of Overview and Scrutiny Committee, in advance of the meeting to highlight comments for Cabinet to consider.

The meeting commenced at 6.00pm and closed at 7.48pm

Chair

(END)

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Agenda Item 7

Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	CABINET – 4th APRIL 2022
Report Number	AGENDA ITEM 7
Subject	PUBLICA BUSINESS PLAN 2022-25
Wards affected	All
Accountable members	Cllr Joe Harris, Leader of the Council Email: joe.harris@cotswold.gov.uk
Accountable officer	Robert Weaver, Chief Executive Officer Email: robert.weaver@cotswold.gov.uk
Report authors	Jan Britton, Managing Director, Publica Group (Support) Ltd Email: jan.britton@publicagroup.uk Bill Oddy, Group Manager – Commercial Development Email: bill.oddy@publicagroup.uk
Summary/Purpose	To consider the Publica Business Plan 2022-25 and any comments made by the Overview and Scrutiny Committee on the draft Business Plan and to recommend that the Leader (as Shareholder Representative) approves the plan, subject to any comments the Cabinet wishes to make and those made by other Shareholder Councils.
Annex	Annex A – Publica Business Plan 2022-25
Recommendation	That – subject to any comments it makes - the Cabinet recommends the Publica Business Plan 2022-25 be approved by the Leader, as the Council’s Shareholder Representative for Publica Group (Support) Ltd and subject to any minor amendments that might arise from the final stages of consultation with the Shareholder Councils and/or general editing.
Corporate priorities	The services and projects delivered by Publica Group (Support) Ltd support the Council to deliver the Corporate Plan priorities.
Key Decision	NO
Exempt	NO
Consultees/ Consultation	<ul style="list-style-type: none"> Publica Board and Publica Shareholder Forum (Council Leaders and Chief Executives/Heads of Paid Service) Publica Shareholder Councils’ scrutiny committee and Cabinets

1. BACKGROUND

- 1.1. As part of the establishment of Publica Group (Support) Ltd. (Publica), twelve items were identified as Reserved Matters for Shareholder approval to ensure that shareholder Councils retained the necessary control over their Teckal company. The Reserved Matters were approved by the Council in September 2016 as part of the governance principles underpinning the establishment of Publica as set out in Schedule 1 of the company's Members' Agreement, signed by the Council in May 2017.
- 1.2. The Reserved Matters decisions fall to the Shareholder Representatives to determine. For each shareholder Council the Shareholder Representative is designated as the Leader of the Council.
- 1.3. "Adopting or amending the Business Plan in respect of each Financial Year" is one of the Reserved Matters. To assist the Leader in reaching his decision the Overview and Scrutiny Committee reviewed the draft business plan for 2022-25 at its meeting on the 1st March 2022 and their views are set out in section 3 below.
- 1.4. The Publica Board agreed the final draft plan at its meeting on 11th March.
- 1.5. The Cabinet is invited to consider the points raised by the Overview and Scrutiny Committee and provide any additional comments they wish to make before the plan is approved by the Leader in consultation with the other Shareholder Representatives.
- 1.6. The plan will be reviewed and approved by the Leader on an annual basis, in accordance with Publica's company governance.

2. MAIN POINTS

- 2.1. A new, three year, Publica Business Plan (2022-25) is attached at Annex A. This business plan sets out the high level, strategic objectives and ambition for Publica over the next three years and how it will deliver both day-to-day services and the key priorities for each shareholder Council. The three year plan enables a medium term financial position to be taken as the increasingly challenging financial circumstances of the Councils will be a major driver for the focus of Publica's work. The three year horizon of the plan will also enable a sustained focus on delivering Council priorities and improving service delivery.
- 2.2. Each shareholder Council has its own delivery plans and this business plan is designed to show how Publica will operate to deliver these, complementing them by providing the flexibility to deliver different priorities in an individual way for each Council but also making the most of shared services and ambitions.
- 2.3. Three key themes are addressed in this business plan flow from the shareholder Councils' priorities and will underpin everything Publica does over the lifespan of this business plan. These are:
 - **Planet** - Tackling the climate and ecological emergency. This is the challenge of our generation and a priority for all of the Shareholder Councils and Publica.
 - **People** - People are at the heart of Publica as a company, so it needs to employ and retain the right people and be a 'best in class' employer in order to deliver successfully for the shareholder Councils.
 - **Place** - Delivering great services and local priorities for the Councils' communities, residents, and businesses.

- 2.4. Detailed actions emanating from the business plan will be incorporated into individual service plans and/or addressed through Publica's project management framework to ensure delivery is closely aligned to Council priorities and reported appropriately.
- 2.5. The consultation process for the production of the new plan is quite extensive. Early discussions were held with the Chief Executives/Heads of Paid Service from the four Shareholder Councils to check that the plan was evolving in line with expectations. The initial draft was also discussed with the Publica Board in mid-January 2022.
- 2.6. The Publica Shareholder Forum (comprising the Leader and Chief Executive/Head of Paid Service from each of the four shareholder Councils, together with the Publica Board Chair and Managing Director) met in late January to review the draft plan and the feedback received from the Publica Board and the Chief Executives/Heads of Paid Service.
- 2.7. Comments and additional feedback from the Shareholder Forum were incorporated in the draft plan which was then addressed by the relevant scrutiny committee at each of the four shareholder Councils in February/March.
- 2.8. The Publica Board agreed the final draft plan at its meeting on 11th March 2022. Cabinet is now asked to consider feedback from the consultation with the Overview and Scrutiny Committee, add any comments they wish to make and recommend to the Council Leader that the plan be approved. As it is a three year plan, there will be an annual review and approval process put in place for the following two years, in line with Publica's governance.
- 2.9. The business plan will be published on the internet and shared with the shareholder Councils once it has been approved by all the Council Leaders.

3. FEEDBACK FROM THE OVERVIEW AND SCRUTINY COMMITTEE

- 3.1 The committee asked the Publica Managing Director a number of questions in relationship to the business plan relating to the planet theme and biodiversity which he answered.
- 3.2 The committee asked the Publica Managing Director if he planned to undertake any Member Briefings about Publica. The Managing Director confirmed that there was a commitment in the business plan to undertake Member briefings.
- 3.3 The Publica Managing Director was asked to clarify the reference to enhanced pension contributions. The Managing Director confirmed that this only related to Publica employees that were eligible to be members of the stakeholder pension scheme and that he would ensure the business plan was amended to make this clearer.

4. FINANCIAL IMPLICATIONS

- 4.1. There are no direct financial implications arising from approval of the business plan.
- 4.2. The business case approved by the Shareholder Councils in September/October 2016 set a target of a cumulative reduction in the Councils' base revenue budgets of £2.1m by the end of 2022/23. Publica is on track to deliver a baseline budget saving of £2.7m by the end of 2022/23 – some £0.6m ahead of target. In addition, c.£1.8m of one-off savings have also been made and returned to the Councils for reinvestment in their service priorities.
- 4.3. The new business plan acknowledges the financial challenge that all the Shareholder Councils are facing over the next few years and sets out Publica's role in supporting the Councils to address this challenge.

5. LEGAL IMPLICATIONS

- 5.1. The Publica Business Plan has to be approved on an annual basis by the Council's Shareholder Representative (the Leader) in accordance with the Articles of Association and Members' Agreement for Publica Group (Support) Limited.

6. EQUALITIES IMPACT

- 6.1. The People theme within the new business plan encompasses how Publica will lead, support and develop its employees, celebrating diversity and challenging inequality.

7. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

- 7.1. Tackling the climate and ecological (biodiversity) emergencies is a key theme within the new business plan, setting out how Publica will work to embed this into all its work.

8. RISK ASSESSMENT

- 8.1. The draft business plan was subject to early consultation with the Council's Chief Executive and the Leader (through the Publica Shareholder Forum) to reduce the risk that it does not meet this Council's expectations and needs.
- 8.2. If the Council's Shareholder Representative (the Leader) does not approve the plan there is a risk that Publica will not be able to commence activities that are necessary for supporting the Council to deliver against its Corporate Plan priorities and meet its financial challenges.

9. BACKGROUND PAPERS

- 9.1. None.

DRAFT



Business Plan 2022 to 2025

Delivering more locally by working together

PUBLICA

DRAFT

The Publica partnership: Delivering more locally by working together

PUBLICA

Publica Business Plan 2022 to 2025

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PUBLICA

We are proud to present to the shareholder councils the Publica Business Plan for 2022 to 2025.



Sally Walker
Chair of the Board



Jan Britton
Managing Director

Over the past year Publica has consolidated some of the changes that have been made since we were set up and we have demonstrated the benefits of our approach. We are very proud of our staff and their achievements, and that more than 80% of residents are happy with the customer service they receive. As we emerge from the pandemic we have an opportunity to be more ambitious and radical; to capitalise on our unique partnership model to deliver even better services for local communities, residents, and businesses. This business plan sets out the strategic approach for Publica over the next three years and how we will deliver great services every day alongside the key priorities for each shareholder council.

Each council has its own delivery plans and this business plan is designed to show how Publica will operate to deliver these council plans, complementing them by providing the flexibility to deliver different priorities in an individual way for each council but also making the most of shared services and ambitions.

We have identified three key themes for this business plan that flow from our partner councils' priorities and will underpin everything we will do over the lifespan of this plan. These are:

Planet: Tackling the climate and ecological emergency. It's the challenge of our generation and a priority for all of the shareholder councils and Publica.

People: People are at the heart of what we are as an organisation, so we need to employ and retain the right people and be a 'best in class' employer.

Place: Delivering great services and local priorities for communities, residents, and businesses.

The importance of our work will be heightened by the significant financial challenges facing local government over the period of this plan. Our model provides us with a unique way to respond to these challenges and build on our success since Publica was formed. In this business plan you can read about our customer-focussed operating model using a digital platform, which enables us to deliver better services in a more efficient way. It is an exciting time for Publica and the shareholder councils as we look to innovate and push boundaries with the potential for growth and scaling over the life of this plan and the potential benefits this will bring to existing partners and new ones who want to become part of a new way of delivering public services.

We will continue to learn and improve, taking what we have delivered over the past four years and building on it to make Publica a leading public sector delivery company, known for its innovation, effectiveness and results delivered on behalf of public sector providers.

DRAFT

The Publica partnership: Delivering more locally by working together

Publica is a not-for-profit Teckal company owned by Cotswold, Forest of Dean, and West Oxfordshire District Councils and Cheltenham Borough Council. The four shareholder councils and Publica work together to share skills and resources which enables us to deliver more for local communities, residents, and businesses.

Publica is a young organisation and in the first four years we have transformed the way services are delivered by the councils through our unique partnership approach.

Each of the shareholder councils and our client organisations retain their independence and identity, and by collaborating and sharing resources, we seek to maximise mutual benefit for all. We are ambitious and on a journey of continuous improvement, always looking for new ways to effectively deliver local services.

You can read about our progress and what we have delivered in the Annual Report on our website

www.publicagroup.uk

Staying true to the Publica Values

The values developed at the company's inception hold strong today and will help guide us to achieve our purpose.

Authentic

We act genuinely and transparently. We do the right thing for our customers, our organisation and each other.

Modern

We are not set in our ways. We are constantly looking to find ways to innovate and do things smarter.

Flexible

We are agile and we adapt how and what we do to meet the demands of our customers, our colleagues, our local communities and the needs of the modern world.

Thoughtful

We take pride in delivering a great service, taking the time to understand and care about the planet and the environment, as well as our customers and their needs.

PUBLICA

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Meeting the future financial challenge

A decade of austerity, continuing local government funding uncertainty, rapidly increasing delivery costs, increased cost of living and income shortfalls during the pandemic is putting council finances under great strain. Government support during the pandemic has masked the financial problems but the budget setting over the life of this business plan is likely to be the most challenging in many years for our shareholder councils.



The scale of the challenge is very significant with the latest forecasts suggesting that our shareholder councils collectively will need to fill an emerging funding gap of £1.5m by 2026, this represents some 30% of their net revenue budget. To meet this challenge all four shareholder councils have set ambitious targets for making savings, improving efficiency and increasing income in the future to balance their budgets. These are articulated in their Medium Term Financial Strategies and Investment Strategies.

Publica has already delivered £2.5m of recurring annual savings for shareholder councils since 2017 and most major services have been reviewed and modernised; but we recognise that we must seek continuous improvement across the whole range of services we deliver so that we can offer the best possible services to residents and businesses at the best possible value for the shareholder councils. In doing this we need to recognise that we must support the shareholder councils to maintain services. To support the councils in their financial challenges, Publica will play a key role in:

Enhancing council income streams, identifying investment opportunities and maximising available revenues

- Exploring and delivering opportunities to invest in green technology such as solar power and electric vehicle charging infrastructure which could provide a commercial return and deliver against the councils' climate action objectives
- Maximising opportunities for commercial return

through good asset management, investment in and development of land, property and appropriate services, where these can deliver against priorities

Identifying and securing sources of funding to help shareholder councils deliver against priorities

- Bidding for funds to deliver decarbonisation projects across the councils' asset bases to enable council resources to go further and extend our ambitions. Business cases will be brought forward as new funding rounds are announced
- Raising the profile about the challenges facing rural communities and making the case for levelling up funding from the government

Support service transformation with the councils' other service delivery partners such as waste and leisure providers

- Working closely with Ubico and Biffa to deliver new, more efficient and modern waste, recycling, and grounds maintenance and street cleansing services as part of the Environmental Services Innovation Programme (ESIP) as well as exploring opportunities to scale the partnership
- Working in partnership with the shareholder councils' leisure providers (GLL, SLM, and Freedom Leisure) to meet the needs of local residents and support the local health and wellbeing agenda
- Examining whether there are services that the shareholder councils currently provide through external contracts that could be provided equally well or in a way that better meets the councils' priorities by Publica

Delivering services the Publica way

We don't want to be just a standard public service provider, we want to be so much more. Publica is not about cuts; we are about delivering modern efficient public sector services that cost less. Through harnessing the power of our partnership and our unique approach we can be more than the sum of our parts, delivering much more for residents and businesses than would otherwise be possible if the councils and other public sector service providers worked alone.

Innovating to deliver services more efficiently and effectively, sharing knowledge and experience, and providing creative modern solutions to tackling priorities for our shareholder councils and their communities, residents, and businesses.

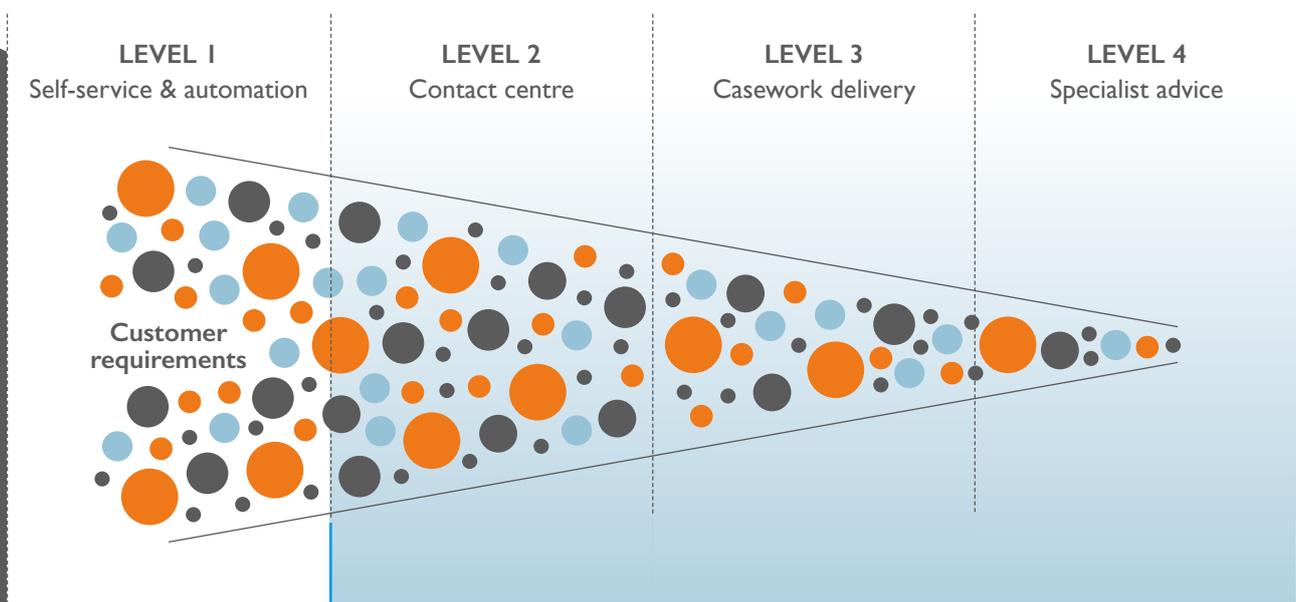
Publica's operating model

To ensure we deliver great modern services for our shareholder councils we will continue to evolve our operating model over the course of this plan. Our customer first model uses automation and technology to deliver high-quality services that residents and businesses use every day.

We know that if we provide good quality digital products and services 24/7 this will provide not only a better customer experience but also minimise the need for customers to contact the councils to obtain information, report something, or make an application. We also know that 10% of UK residents do not use the internet and that some residents

and businesses will need to contact their council by telephone or face to face. We will continue to meet their needs through local contact centres.

The diagram below illustrates our operating model. Customer requirements for services will be met first by designing services in such a way that they are accessed by customers online where they can self-serve (Level 1). Customers that require further assistance can obtain this through our contact centres and council receptions (Level 2). This approach provides better service for customers and is more efficient for the shareholder councils. Only those enquiries or transactions that are the most complex or require professional knowledge or expertise should need to be transferred to our casework and specialist teams (Level 3/4). The benefit of this is that the shareholder councils will continue to have very high customer satisfaction and further development of the model will ensure this continues.



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We have already improved the content on the shareholder councils' websites and introduced some new digital products like the Open Portal to enable residents and businesses to complete council tax and business rates transactions 24/7 and more than 2,000 people have already signed up. We have introduced a new online process for residents to report missed waste collections and 30% of reports are now made via our website. We issue more than 80,000 garden waste licences a year and residents can now purchase and pay for these online 24/7. Each of the shareholder councils has made improvements to their reception areas enabling our staff to meet residents and businesses face to face. We have made some improvements to a number of planning service processes including reducing the validation time by almost 70%, this has improved the customer journey and experience.

Using technology to drive service improvements across the partnership

Over the next three years, by implementing the right systems in the right areas, we can continue to make improvements to the services we deliver for shareholder councils. They include:

- Delivering more digital transactional services to support 'channel choice' for residents and businesses and reduce the volume of avoidable telephone calls including environmental services, revenues and benefits (council tax, business rates), and regulatory services
- Implementing technology to modernise our approach to recruitment, human resource management, democratic services, consultation and engagement, and planning
- Upgrading our office based systems to Microsoft 365 to support more agile and collaborative working
- Improving our cyber security. Our systems are already good but we plan to do more and will need to invest in this area. Due to the nature of cyber security we will keep it under constant review during the period of this business plan

Options for future development and growth of the partnership

We need to look at ways the Publica business could develop over the coming years, as the national landscape for local government changes, to benefit our shareholder councils and clients in meeting the financial challenges and delivering improved services. Over the course of this business plan we will look to explore opportunities including:

- Reviewing the potential for further in-sourcing of services to deliver additional control and value to partner councils when these opportunities present themselves

- Keep open and explore opportunities for new councils to join and benefit from the partnership
- Reviewing the business model to see if different approaches might complement the opportunities that are available to grow and scale the partnership
- Collaborating further with Ubico and Biffa and their shareholder councils to exploit opportunities to grow and innovate through the Environmental Services Innovation Programme

How we will monitor progress

The partnership has a comprehensive framework to monitor performance of the councils' plans and priorities, the Publica Business Plan and service performance, and these will be used to provide assurance and include:

- The Publica Shareholder Forum to discuss strategic issues
- The Publica Board where performance against shareholder council performance targets is monitored
- Meetings between the Publica Board and Cabinets of each Shareholder Council to discuss local priorities and performance
- Quarterly council scrutiny and Cabinet meetings at each shareholder council where council performance targets are monitored
- Audit and Scrutiny Committees at each shareholder council
- The publication of the Publica annual report
- Regular all councillor updates and briefings at each shareholder council
- Information on the councillor portals at Cotswold, Forest of Dean, and West Oxfordshire District Councils
- Reporting against agreed SLAs
- Live management information
- In the first year of this plan we will adopt specific improvement plans for development management services, human resources and democratic services

80,000

We issue more than 80,000 garden waste licences a year and residents can now purchase and pay for these online 24/7

Planet: how we will tackle climate change

Tackling climate change is the challenge of our generation, and with each shareholder council declaring a climate emergency as well as an ecological/biodiversity emergency, we must make our response central to all we do. Tackling the climate emergency will become a key focus through all our activity at Publica and we will put it front and centre so it has the urgent attention it requires.

As a start we have signed up to the national "Race to Zero" climate commitment for businesses, to achieve net zero carbon by 2030 and that will be a key target for us. To achieve our commitment we will work with the shareholder councils and our clients to make fundamental and rapid changes across all services to innovate, support, challenge, propose solutions, and aid decision making for a low carbon future.

We will support our shareholder councils to demonstrate leadership in delivering their climate

ambitions, set out in their Corporate Plans and detailed in adopted climate action and ecological targets. This will be achieved by seeking external funding and exploring opportunities to engage with and support residents and businesses to reduce their carbon footprint, and using council powers and influence to instigate changes in behaviour, work practises and development. We will also look for community financing and investment opportunities in carbon reduction assets such as renewable energy generation and storage.

Working together to reach a target of net-zero carbon by

2030

Supporting our councils' net zero ambitions for their areas will also mean we will encourage an innovative approach to planning policy, supporting the trajectory to net zero carbon in development management and look to bring forward flagship environmental design schemes for housing and development.

Moving Publica to net zero carbon by 2030

Publica's carbon footprint is intricately linked with that of our shareholding councils so it is vital that we play our full part in the push to net zero carbon. We will demonstrate our commitment to net zero carbon by putting the climate emergency at the heart of all that we do, ensuring all staff understand and consider

climate and ecological impacts in the services they provide and the decisions that they advise on. We will do this by:

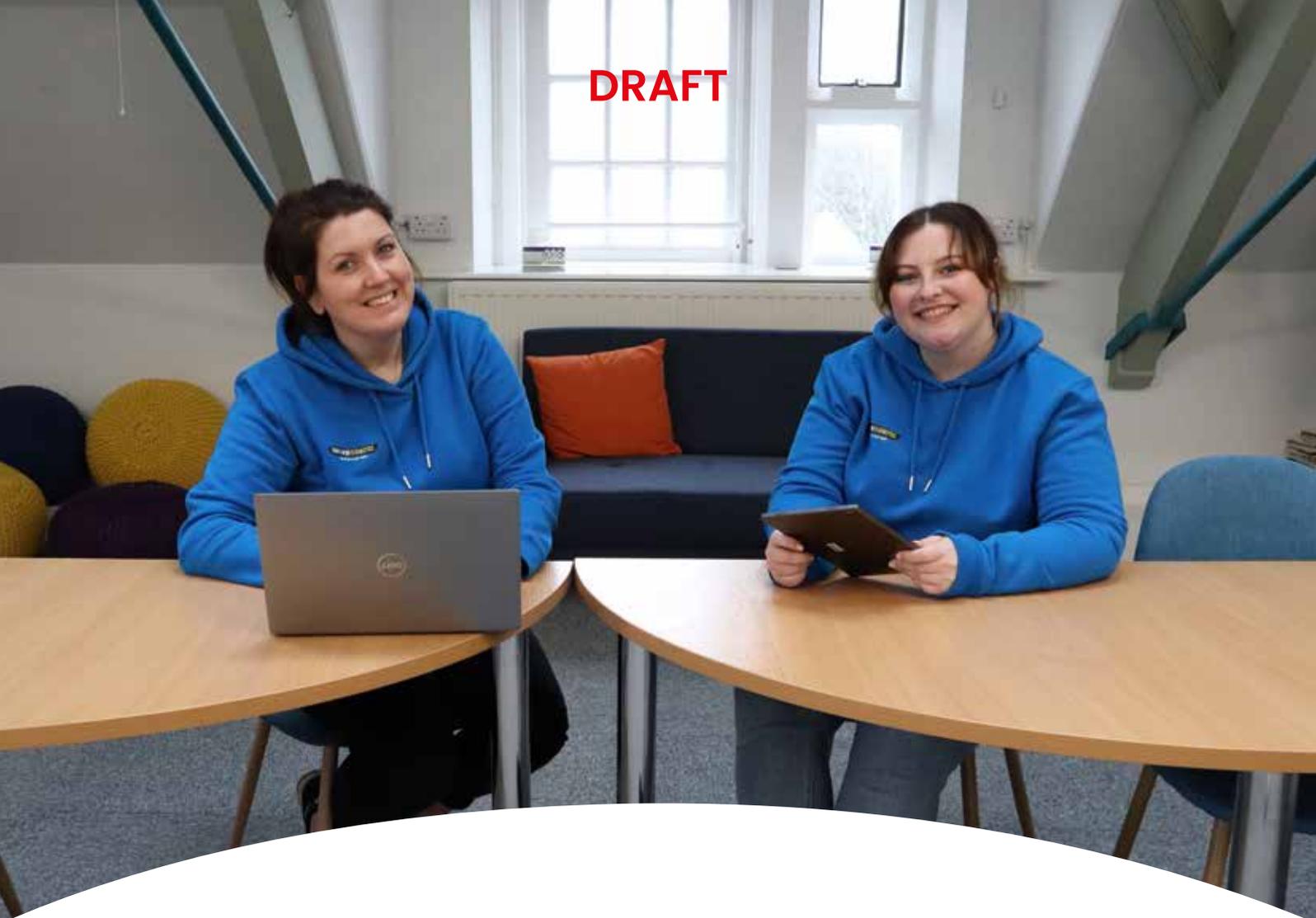
- Rolling out formal Carbon Literacy Training to our employees, aiming to be recognised as a silver level Carbon Literate Organisation over the term of this plan, with 100 people certified as Carbon Literate
- Securing advanced climate emergency training for planning officers and other employees whose professional roles require that they have a greater understanding of issues around energy use, low emission building and transport technologies



- Promoting opportunities to use the two volunteering days that we encourage all employees to take as part of their role with Publica, to support biodiversity and carbon reduction activities - potentially providing up to 1,000 days per year
- Embedding climate, ecological and social value considerations in procurement processes to maximise the use of sustainable suppliers and support local businesses
- Making climate implications a core consideration in decision making, alongside finance, legal and risk
- Implementing our Agile Working Strategy that will reduce unnecessary business miles and staff commuting journeys as well as heating and lighting in under occupied offices
- Making use of our video-link technology as the default option for internal meetings and events,

which is already reducing business mileage dramatically. By halving our business mileage we can save the equivalent of 98 tonnes of carbon dioxide each year

- Changing vehicles to ultra low emission and electric vehicles and reviewing Publica's lease car offer to incentivise our employees to choose electric vehicles for their personal and work journeys
- Encouraging cycling and car-sharing for any essential business trips
- Encouraging our employees to follow the waste hierarchy at work and home with the aim of reducing energy use, purchasing sustainable products and minimising the use of single-use plastics
- Reporting our progress towards net zero carbon in our annual reports



People

We will only accomplish our aims and deliver our shareholder council priorities if the very best people work for Publica. We need to use the advantages we have as a Teckal company to bring in people who are enthusiastic about change and are committed to delivering great public services.

In a challenging employment market, we will need to be innovative and adaptable to attract good candidates. We will increasingly do this by developing our own people locally, through apprenticeship schemes and great working relations with local training providers. We will also continue to recruit nationally, to attract the best talent from across the country, when we need to get the right person for a particular role.

We need to continue building our reputation as a great employer, a great place to work and somewhere people can be ambitious and fulfil their potential. Our employees need to feel well-led, supported, rewarded and empowered within a healthy workplace culture.

Our key areas for development of our people over the course of this business plan are linked with the

Investors in People framework (IIP) which will assist us in continuing to develop the right conditions for improving services and delivering services and key projects for our shareholding councils.

Focussing on our people and modernisation

To bring leadership and focus to modernisation and improvement we will be recruiting a senior manager responsible for organisational development and modernisation. This investment will enable us to make the most of our new digital technology and to genuinely modernise and evolve our operating model.

Leading: Develop great leaders at all levels in Publica

For Publica, 'leadership at all levels' means empowering all our employees, whatever their role, to take ownership for making positive changes and inspiring their colleagues. Having great leaders at all levels is crucial for us to be able to support the councils to set

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clear, achievable objectives we can deliver. To develop our current and future leaders we will:

- Provide an ongoing leadership programme that allows all employees to develop their knowledge, skills and behaviours to better deliver council priorities and services
- Drive a noticeable culture change, especially around increasing trust, recognition, collaborative working and building confidence at all levels
- Embed a coaching culture to support the development of others, and engage in peer coaching to support each other and problem solve
- Strengthen staff engagement, for example through holding a regular informal staff forum

Supporting: Enhance the wellbeing of our employees, ensuring that they are supported to deliver to their full potential and that they are recognised for their achievements.

To be a truly great place to work our people need to feel well supported to deliver their role, both in their team and also at a Publica-wide level. To achieve this we will:

- Achieve Investors in People (IIP) accreditation, to validate our progress towards becoming a great place to work
- Implement our agile working approach and ensure our people processes and policies are fit for a modern, flexible workforce, promoting good work/ life balance and support for staff at all stages of their life
- Celebrate diversity, encourage and promote positive relationships, and challenge inequality

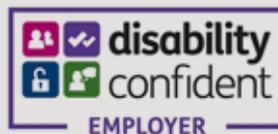
Improving: Deliver a comprehensive improvement programme to support the recruitment, retention, training and development of staff

Recruiting good people and then developing them is key to Publica's ongoing success in delivering great services for our shareholder councils and our clients. We want to improve our approach to organisational development so staff can stay with Publica, improve and grow their careers, enabling us to keep good employees and deliver better services. To do this we will:

- Grow our talent from within the organisation, identifying and developing our high performers and future leaders alongside structured succession planning and more career graded posts
- Drive improvements in our human resources service, particularly to strengthen recruitment and retention, including implementation of a new Applicant Tracking System
- Provide all our people with training and development opportunities that support the ambitions and strategic priorities of the Publica partnership
- Maximise the use of our apprenticeship levy by offering employees professional qualifications to develop their careers within Publica and promote their achievements
- Aim to have 10% of our employees engaged in leadership and/or professional development training programmes
- Enhance our benefits package for employees to strengthen recruitment and retention



FOUNDATION LEVEL AWARD



TECHTALENT CHARTER: SIGNATORY

Place

We are committed to providing great services to local communities, residents and businesses and delivering key projects with the shareholder councils, being flexible where we need to be and sharing resources and ideas.

Our shareholder councils share some ambitions but they also each have local needs and priorities that will deliver against their own corporate plans. During the life of this business plan we will deliver against these priorities and corporate plans for each of the councils. We will respect their individual identities, while also making the most of delivery through the partnership, achieving more together and collaborating and pushing the boundaries of what we do to showcase the very best in place-based delivery. During the life of this business plan we will support the shareholder councils develop their approach to

the government's levelling-up missions and in particular the challenges facing rural communities.

Our approach to programme and project management will continue to evolve and enable us to deliver large scale and complex work and agreed outcomes and benefits for shareholder councils and partners. We have established a portfolio board and recruited new project managers who are part of a central resource and this will help us deliver an ambitious programme of work during the life of this plan.



Growing local economies and driving renewal and recovery

Through understanding the needs of local businesses and opportunities, we will provide support to local economies by encouraging resilience and growth and actively driving regeneration. To do this we will:

- Progress regeneration projects at key locations such as Five Acres, Coleford; Hensington Road, Woodstock; and Town Centre strategic sites in Cirencester
- Help economies grow and evolve by supporting new and existing local businesses to thrive by creating a positive business environment; supporting investment, providing business support, encouraging the transition to digital and low carbon where appropriate, and delivering effective licensing and regulatory services that support them in providing compliant and safe services and premises
- Support town centres to evolve in the face of changing shopping habits and encouraging residents to support local businesses

Encouraging and facilitating the delivery of affordable housing

All the shareholder councils want to deliver affordable housing where the market is not delivering sufficiently to meet the needs of local people and we want to be ambitious in our delivery for the shareholder councils:

- We will continue to deliver affordable housing in partnership with developers and housing providers, seeking additional affordable units and sustainability enhancements in innovative ways
- We will push the boundaries with exemplar design to maximise the delivery of development schemes that are sustainable and align with net-zero carbon ambitions

Helping to develop future plans for our areas that deliver for communities and protect the environment

Through the development of Local Plans for the shareholder councils, we will help shape the future of each area. They will be focussed on local priorities such as bringing about even more affordable homes,

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promoting net-zero carbon homes, growing local economies and planning for sympathetic development. This will be achieved by:

- Delivery of refreshed Local Plans and updates, exploring new ways to engage communities around the key priorities for those plans and the future of each area
- Effective engagement with town and parish councils to shape development and meet local needs
- Managing and monitoring the delivery of sustainable development in the right place at the right time to meet identified needs by raising awareness and expectations for good design and sustainable development

Helping to build and support strong, healthy and resilient communities

Through direct engagement with residents we will look to understand community needs and then help them provide solutions that work at a local level. We want local communities to buy into solutions and work alongside their councils and other public services, charities and partners. This will be achieved by:

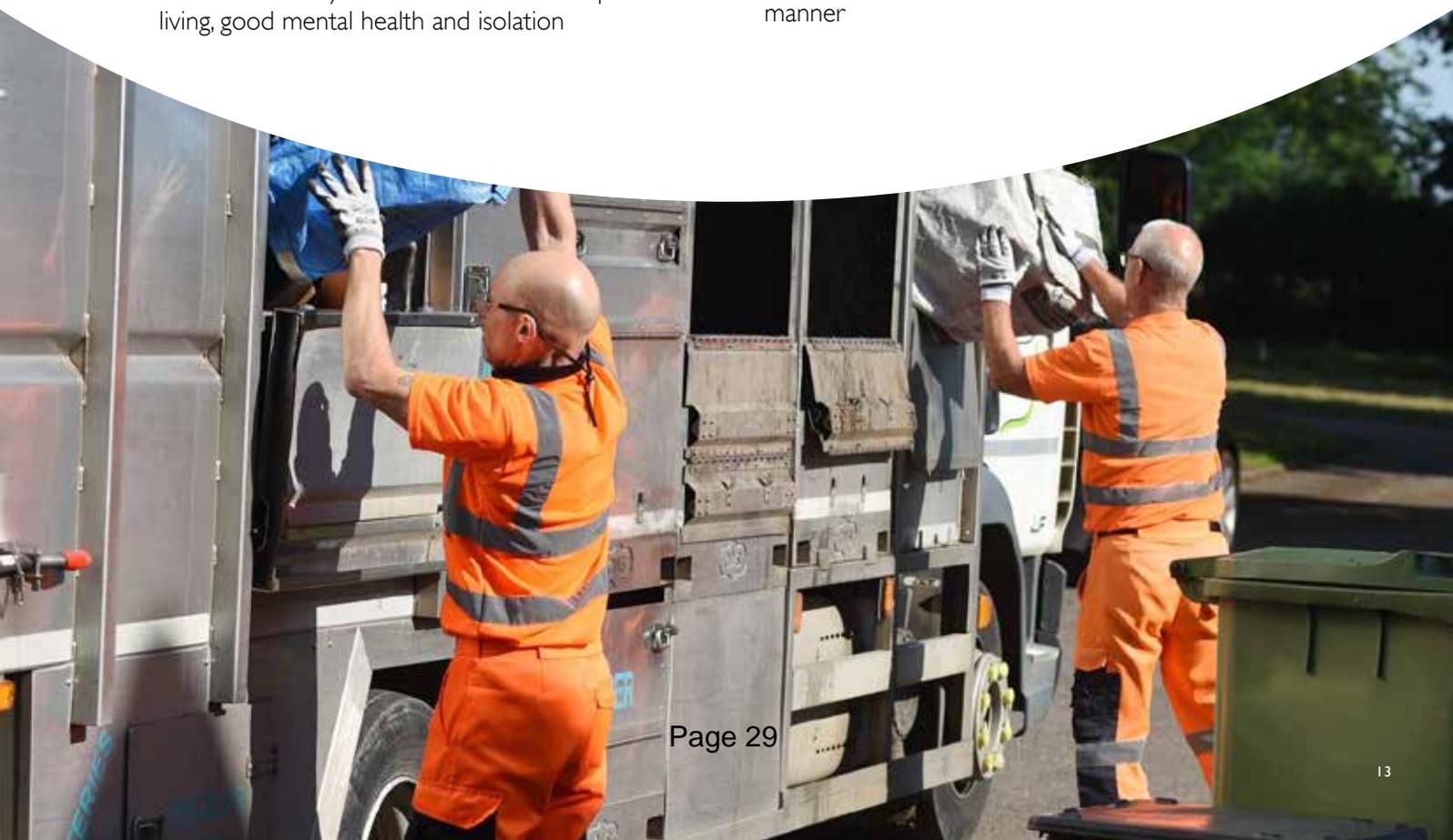
- Developing and strengthening relationships with county and district councils, the NHS and the police, leisure providers, and town and parish councils, supporting funding bids and promoting funding opportunities
- Supporting the voluntary community sector (VCS) and commissioned services (e.g. social prescribing)
- Supporting communities to provide assistance at a local level for key local issues such as independent living, good mental health and isolation

- Developing our approach to digital engagement with communities, particularly those that are hard to reach, using digital engagement platforms
- Work in partnership to provide effective response, prevention and preparation for flood events and other major incidents that impact on communities, residents and businesses in the Cotswolds, Forest of Dean, and West Oxfordshire
- Working closely with partners, including the shareholder councils' leisure providers, to develop healthy communities, enabling inclusive sustainable leisure, sports and recreation facilities, green infrastructure and access to places to walk, run and cycle

Looking after our local environment

Each of the shareholder councils covers landscapes nationally regarded for their outstanding beauty and heritage. Maintaining these areas so they are clean and well kept is important across the partnership. We will deliver high quality services in the areas we are responsible for, as well as work in partnership, and to achieve this we will:

- Continue to work with our partners Ubico and Biffa to operate great waste collection and recycling services as well as tackling fly-tipping and environmental crime
- Operate our regulatory services such as development management, environmental health and licensing in a way that supports businesses to succeed and reduces the environmental impact of their activities, rather than acting in an adversarial manner



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Continued improvement of our Development Management Service

Development Management is one of the key services Publica provides to the shareholder councils and plays an important role in shaping local areas. Nationally the sector is facing challenges including increased demand and greater expectations to deliver against local and national policies and priorities and we have not escaped that.

Our aim is to provide 'best in class' planning services for our shareholder councils and we are committed to this. A review of the service was initiated in 2021, focussing on three key areas: resources, processes, and communication with customers, stakeholders, and councillors. We have already turned the corner and the service has improved, however, we recognise that more work needs to be done.

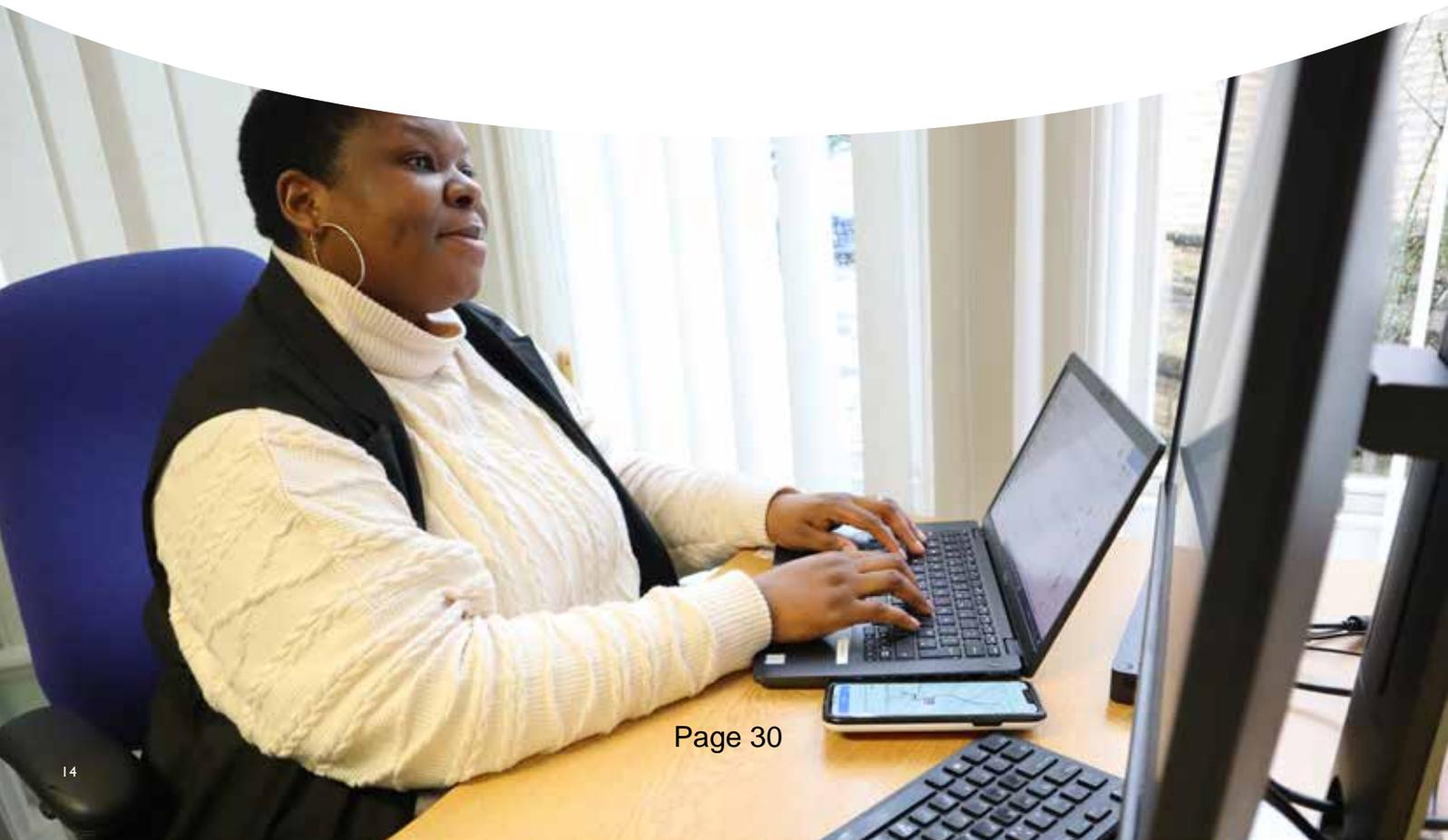
Below is a set of ambitious priorities that we are committed to delivering over the period of this business plan:

- Ensure we determine 80% of planning applications within 8 weeks
- Introduction of a modern pre-application service
- All senior managers responsible for planning will be part of a leadership development programme
- Introduction of all Member updates and a data dashboard
- Improving our user research approach to inform future service development

- Engaging the services of the Planning Advisory Service to provide some objective advice to assist us in moving to the next level
- Development of customer service standards. We will be publishing our standards so that customers have clarity on what levels of service to expect
- A review of the planning enforcement service. This will incorporate a review of the current caseload but also how we triage cases and whether a more collaborative approach to investigation would benefit the shareholder councils and local communities
- A review of the other services impacted by the increased demand in Development Management. Priority areas being the 'Heritage, Design and Sustainability Service' and the 'Flooding and Drainage Service'

80%

Further performance and service design development work ensuring we determine 80% of planning application within 8 weeks



Our Financial landscape

As a 'Teckal' company Publica has a special relationship with its shareholding councils. Given the financial challenges they face, it is imperative that Publica delivers the services they have commissioned within the agreed budget envelope.

THREE YEAR BUDGET PLAN	2022/23 (£)	2023/24 (£)	2024/25 (£)
SALES			
Contract income	29,094	29,133	29,635
DIRECT COSTS:			
Salaries (Inc. on-costs)	(24,855)	(24,835)	(25,262)
Agency costs	(30)	(31)	(31)
Contractor costs	(65)	(67)	(68)
Employee transport and travel	(300)	(300)	(300)
Other staff costs	(511)	(524)	(534)
Gross surplus	3,333	3,376	3,439
Administration expenses	(1,930)	(1,988)	(2,028)
Other operating expenses	(4)	(4)	(4)
Operating surplus	1,399	1,384	1,407
Net interest (payable)/ receivable	2	3	4
Surplus	1,401	1,387	1,411
Tax	0	0	0
Contract fee refund	(1,385)	(1,371)	(1,395)
Retained surplus	16	16	16

Given the short term funding streams the councils are receiving, there are an increasing number of roles that are funded on a fixed term basis. This makes longer term forecasting difficult and adds to the challenge of recruitment and retention.

Notwithstanding this, the table below sets out the projected three year business plan financial estimates. The plan assumes that current short term funded posts are discontinued from April 2023 and at this stage additional savings targets are based around the original business case. This will need to be reviewed over the next year as we plan to meet the additional pressures facing the shareholding councils.

Over the last decade downward national public sector pay pressures have exacerbated recruitment and retention issues for Publica and the wider public sector in general. We find ourselves struggling to compete for some roles, particularly where they are either highly local government specialised or in sectors with extremely high commercial demand. To try to counter this challenge the three year business

plan includes additional resources to:

- Accelerate our drive for equal pay within our pay and grading structure, resolving legacy pay issues
- We want to develop a 'grow your own' culture so staff, and in particular apprentices, can stay with Publica, improve and grow their careers, enabling us to keep good employees and deliver better services
- Offer enhancements to our pension scheme to improve the reward package we offer and seek pension quality mark accreditation (www.pensionqualitymark.org.uk)
- Provide funding to support cost pressures in the non-pay benefits of staff across the partnership

We want to develop a 'grow your own' culture so staff, and in particular apprentices, can stay with Publica, improve and grow their careers

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Our Priorities for 2022 to 2023

This Business Plan has set out our strategic priorities for a three year period up to 2025. We will be working on all of the activity outlined in this plan from the outset, however, there are a number of areas in the plan we will be focused on delivering over the first year.

During the first year of the business plan our priorities will be to:

- Make our response to climate change central to all we do
- Support our shareholder councils to deliver their medium term financial strategies and investment strategies to fill the emerging funding gaps they have of £15m by 2026
- Continue to evolve and develop the Publica operating model and channel choice to improve services for residents and businesses
 - Achieve Investors in People (IIP) accreditation
- Modernisation of our development management service and our shareholder councils waste services in partnership with Ubico



Agenda Item 8



COTSWOLD
DISTRICT COUNCIL

Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	CABINET - APRIL 2022
Report Number	AGENDA ITEM 8
Subject	REFRESH OF RECOVERY INVESTMENT STRATEGY
Wards affected	All
Accountable member	<p>CLlr Tony Dale, Cabinet Member for the Economy and Council Transformation</p> <p>Email: tony.dale@cotswold.gov.uk</p>
Accountable officer	<p>Jenny Poole , Deputy Chief Executive and Chief Finance Officer</p> <p>Email: jenny.poole@cotswold.gov.uk</p>
Summary/Purpose	To refresh the Recovery Investment Strategy framework within which the Council can invest in the infrastructure of the Cotswold District that delivers on the Council's Priorities.
Annexes	<p>Annex A Medium Term Financial Strategy</p> <p>Annex B Draft Recovery Investment Strategy</p>
Recommendation(s)	That Cabinet recommends the Strategy attached at Annex B to Council for adoption.
Corporate priorities	<ul style="list-style-type: none"> ● Respond to the Climate Crisis ● Provide Socially Rented Homes ● Enable a Vibrant Economy
Key Decision	YES
Exempt	NO
Consultees/ Consultation	Capital Programme Investment Board



1. BACKGROUND

- 1.1 In September 2020 the Council approved its first Recovery Investment Strategy to support the key priorities in the Corporate Plan 2020- 2024. The Strategy recognised the financial challenges facing the Council and sought to guide investment decisions to ensure that investments delivered a return to cover the cost of capital and, where possible, an additional return, to cover risk and the financial gap identified in the Medium Term Financial Strategy.
- 1.2 The Strategy also took account of the changing landscape around commercial investment with a clear 'steer' from Government and professional bodies that pure commercial investments should be avoided. To this end the Strategy clearly set out a framework which put delivery of corporate priorities as the key driver on investment decisions with yield being a secondary factor.
- 1.3 The Strategy sought to balance the delivery of local priorities with the principles of affordability and value for money. In essence, the Strategy formed a framework within which the Council can operate to deliver on its priorities whilst also closing the emerging budget gap without the reliance upon service cuts.
- 1.4 The impact of the global pandemic has slowed both the delivery of actions within the Strategy but also the fundamental review of the local government funding regime that was anticipated and has driven the financial considerations. As a consequence the Council has received a series of largely 'standstill' financial settlements from Government although the consequence of these is that the funding 'cliff edge' identified has actually worsened.
- 1.5 Whilst opportunities to deliver against the approved Strategy have proved difficult to achieve in light of the Pandemic some useful groundwork has been done which has identified a pipeline of opportunities to deliver on the Council's Priorities.

2. MAIN POINTS

- 2.1 The Council's Medium Term Financial Strategy (MTFS), approved by Council in February 2022, identified an overall funding gap of almost £8.9m by March 2026 if left unaddressed. For convenience this is attached at Annex A as this forms the basis for the updated Recovery Investment Strategy.
- 2.2 The updated Recovery Investment Strategy attached at Annex B sets the revised framework within which the Council can consider investment opportunities that deliver on the agreed corporate priorities. Whilst the previous version did not in itself present any specific opportunities (but rather a mechanism by which the Council can assess how opportunities are developed) this version sets out a clearer delivery plan with a pipeline of opportunities.



- 2.3 The delivery plan is principally based upon the work of the officers recruited to lead on the key corporate priorities of Climate Change and Economic Development. The posts have been identified as crucial to leading on these priority themes and have now been embedded within the permanent establishment as they are crucial to the delivery of the Corporate Plan and this Strategy.
- 2.4 The Strategy sets out the financial context within which the Council finds itself based upon the known position in February 2022. Regrettably many of the uncertainties around funding that existed when the first Strategy was written remain, although it is anticipated that these will become clearer over the summer of 2022.
- 2.5 As a consequence of this continuing uncertainty the financial targets need to be taken as a guide rather than an absolute position. This relates not only to the funding gap the Council faces, but also debt financing costs, return yields, and therefore the level of capital investment necessary to deliver the revenue returns.
- 2.6 Whilst the first generation of the Strategy set the tactical plan to be coherent with the Budget and MTFS this version presents a tactical delivery plan that is based upon clearer opportunities and delivery timescales that are consistent with those opportunities whilst retaining an eye on the overall targets.
- 2.7 As a consequence of moving to a more realistic delivery plan there is an increasing emphasis on Green Infrastructure within the Strategy. This is because it is both consistent with the Council's Climate Emergency announcement but also recognises the deliverability of these schemes with partners.
- 2.8 Whilst the Strategy identifies the key project opportunities that could be considered to meet the priorities, the Council will need to take individual decisions on these that come forward with the overall Strategy in mind. It is very clear from guidance that schemes should not be pursued 'primarily' for yield. The key driver must be the delivery of Council priorities. This will not mean for example sticking slavishly to investment returns on individual schemes as long as, in the round, the investment returns are being achieved.

3. FINANCIAL IMPLICATIONS

- 3.1 The Council is facing a significant challenge to its financial sustainability brought about by significant real term reductions in Government funding over the last ten years. This funding has been supplemented through incentivised funding streams such as Business Rates Retention and New Homes Bonus.
- 3.2 Over the last few years New Homes Bonus has started to be phased out and the government seem committed to its eventual withdrawal. The Business Rates Retention



scheme is due to have a reset in April 2023 and this will potentially remove all the business growth received since 2013.

- 3.3 In addition to this further changes to Local Government Finance are planned via the Fairer Funding Formula. It is not yet known how this will affect this Council but there are risks that this will alter the balance of funding in favour of Councils who provide Social Service functions.
- 3.4 The Council's Medium Term Financial Strategy, approved in February 2022, identified an overall funding gap of almost £8.9m by March 2026 if left unaddressed.
- 3.5 The guidance within the Council's Recovery Investment Strategy seeks an average return of 7.4% to cover the cost of capital (principal and interest repayments) and a return consistent with the MTFS funding gap. The actual return will vary from scheme to scheme based upon asset life and market conditions. For example a solar scheme would face higher capital financing costs because the asset life is shorter than say the construction of a building supporting economic growth. Under accounting regulations the maximum asset life is 50 years.
- 3.6 To be clear taking no action will leave the Council with a very significant funding gap which would require alternative resolutions such as significantly raising Council Tax, in accordance with the Government requirement to hold a referendum for increases which exceed the limit determined by the Secretary of State, or significantly cutting services. Neither of these solutions will deliver on the priorities of the Council indeed they will weaken the outcomes deliverable by the Council.

4. LEGAL IMPLICATIONS

- 4.1 The focus of the Strategy is delivering on the priorities of the Council. It is likely therefore that almost all investments will be within the District. The Council will be reliant upon its legal powers to invest that are related to the social, environmental and economic prosperity of the place to support its actions rather than investment powers more recently highlighted and criticised by the Government and others in respect of commercial property.
- 4.2 Any investment brought forward will clearly state the legal powers being utilised. This is important to ensure that the lower rates for local government borrowing can be achieved.

5. RISK ASSESSMENT

- 5.1 The key risk with regard to adopting this Strategy is around deliverability. It is a bold Strategy which delivers against Council Priorities but has significant borrowing and



investment targets to meet. The availability of opportunities within the District to meet these targets will be challenging and should not be underestimated.

- 5.2 Risks around individual investments projects will be set out clearly in each business case that is presented for Council to consider at the time the proposal comes forward.
- 5.3 There remains a risk that the Government may further alter the borrowing rules to prevent Councils from borrowing for some of the potential opportunities set out in this Strategy but with the focus of this Strategy on place based investment that is largely mitigated.
- 5.4 The Strategy makes a number of assumptions around borrowing rates, rates of return on investment categories and requirements for 'Minimum Revenue Provision'. All of these may change and alter the balance of funding required to deliver the revenue returns.
- 5.5 The review of local government funding may impact on the MTFS which may subsequently alter the targets set out in this Strategy and it therefore also needs to be further reviewed in light of any changes and in light of any other Government funding announcements.
- 5.6 Should the Council not adopt this Strategy (ie. do nothing) the risks to the delivery of the Council priorities and its overall financial stability are very significant and would require an alternate approach to balancing the budget such as significant Council Tax rises or service cuts.

6. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

- 6.1 There is a strong focus within this Strategy to deliver green infrastructure that will have a positive impact on the climate emergency declaration.
- 6.2 Any investment opportunity brought forward will clearly set out the implications in respect of climate change.
- 6.3 Investment opportunities that make a positive change to the carbon footprint of the District are a fundamental part of this Strategy and therefore this Strategy should be seen as a key tool to help deliver this Council priority.

7. ALTERNATIVE OPTIONS

- 7.1 The Council could chose not to support this Strategy and seek to reduce the funding gap it faces through other means such as raising Council Tax, further significantly increasing fees and charges such as Car Parking and Garden Waste or cutting service provision.

8. BACKGROUND PAPERS

- 8.1. None



COTSWOLD
DISTRICT COUNCIL

(END)

Cotswold District Council

Medium Term Financial Strategy

2022/23 to 2025/26

Introduction

The Council approved a new Corporate Plan for the period 2020 to 2024 in September 2020. The Plan sets out the Council's aims, priorities and principles.

“Aim, priorities and principles

Cotswold District is at the heart of the larger area of the Cotswolds – an area that’s known around the world for its natural beauty and heritage. Around 84,000 people call our district home, and they deserve the services and support that a progressive council can provide.

This corporate strategy recognises and embraces the challenges facing the district, and states our aims and ambitions. It is underpinned by a set of action plans that describe in detail how we plan to deliver these ambitions.

Our aims is to recreate a council that’s proactive and responsive to the needs of our residents and businesses in a fast-changing environment, and to build for the future while respecting our heritage.

We will do this by:

- *delivering our services to the highest standards*
- *responding to the challenges presented by the climate crisis*
- *providing good quality social rented homes*
- *presenting a local plan that’s green to the core*
- *helping residents and communities access the support they need for good health and wellbeing*
- *supporting businesses to grow in a green, sustainable manner, and to provide high value jobs*

Our principles:

Everything we do is built on the following principles:

- *rebuilding trust and confidence in the council by promoting a culture of openness and transparency*
- *providing value for money for our residents and businesses by using our resources wisely and investing in the district’s fabric and future*
- *listening to the needs of our community, and acting on what we hear.”*

The Council has an ambitious agenda and this Medium Term Financial Strategy sets out the financial parameters in which to deliver the Council’s Corporate Plan. Investment in Council Priorities will be through:

- Capital programme investment, for example, delivery of new social housing, installation of facilities for charging electric vehicle, partnership working to deliver green energy generation;
- One-off revenue funding from Council reserves for projects, for example, reviewing the Local Plan to make it green to the core, temporary extra resource to develop a green travel plan;
- A permanent increase to the Council's revenue budget to provide additional resources in priority service areas, for example, funding a post to lead on the Council's response to its climate change emergency declaration.

Annex A1-4 sets out the details of the Council's plans for revenue income and expenditure, capital income and expenditure and earmarked reserve funded expenditure.

Service Provision

The Council has a small Management Team of directly employed officers who support the Council and who work with service providers to deliver the Council's priorities. The Council uses a number of local authority owned companies to deliver the majority of its services. Publica Group (Support) Ltd provides commissioning advice and support to the Council as well as directly providing many services. Ubico Ltd provides waste collection, street cleansing and other environmental services. SLM provides the Council's leisure and cultural services across the District.

The 2021/22 contract costs for these significant partners are:

Publica £9.4 million

Ubico £7.0 million

SLM provides a contribution to the Council of around £100,000 per annum. However, SLM has been significantly impacted by the Covid-19 pandemic as fewer customers were able to attend the leisure centres and the Corinium Museum. In order to ensure that these facilities, which are vital to residents' physical and mental health and well-being, were able to re-open, in line with national policy, the Council has waived the income from this contract and also provided additional financial support to the contractor for the period from April 2020 to July 2021.

Financial Context

The Council's current (2021/22) service provision costs £24.2 million each year and is funded by:

Fees, charges and grants for specific services	£11.6 m	48%
Retained Business Rates	£3.3 m	14%
Rural Services, New Homes Bonus and Lower Tier Government Grants	£3.4 m	14%
Council tax	£5.9 m	24%

At the end of the last financial year, on 31 March 2021, the Council held capital resources of £8.5 million, revenue reserves of £16.6 million and a General Fund balance of £0.9 million.

The Council set its 2020/21 budget in February 2020, prior to the Covid-19 pandemic. The budget was expected to increase the General Fund Balance by £212,000. The impact of the pandemic on the Council's finances resulted in a reduced operating surplus of £22,000, a net cost of £190,000.

In 1997, the Council transferred its social housing to a registered provider. Following the transfer, the Council was debt free and held significant levels of capital receipts and revenue reserves. Since 1997, the capital and revenue reserves have funded projects and investments have contributed towards the delivery of the Council's priorities. The Council is now facing the prospect of borrowing to fund capital investment for the first time since the housing stock transfer.

For a full picture of the Council's financial management, this Financial Strategy should be read together with the Council's Capital, Investment and Treasury Management Strategies. Further information on how the Council plans to deliver its Priorities is contained within the following strategies:

- Green Economic Growth Strategy approved on 7 December 2020
- Climate Emergency Strategy approved on 23 September 2020
- Recovery Investment Strategy approved on 23 September 2020

This Medium Term Financial Strategy sets out the financial envelope within which the Council will deliver its Priorities.

National and Local Financial Risks

Fairer Funding Review

The Government decides how to spend income generated from taxation through a Spending Review. The Spending Review announced in 2021 covers the three year period from 2022/23 to 2024/25. The Spending Review determines the overall funding available for each Government Department. The Department for Levelling Up, Housing and Communities (DLUHC) is responsible for the allocation of its share of funding from the Spending Review to individual councils.

For a number of years DLUHC, previously the Ministry for Housing, Communities and Local Government (MHCLG), has been conducting a "Fairer Funding Review" to change the method of allocating funding to individual councils. The outcome of the Fairer Funding Review was to be implemented in the 2021/22 financial year. For various reasons, including the negotiation of the UK's exit from the European Union and responding to the Covid-19 pandemic, MHCLG delayed consultation upon and implementation of the Fairer Funding Review.

In his statement on the Provisional Local Government Statement, the Secretary of State for Levelling Up, Housing and Communities referred to future changes to Local Government funding as follows:

“Government is committed to ensuring that funding allocations for councils are based on an up-to-date assessment of their needs and resources. The data used to assess this has not been updated in a number of years, dating from 2013-14 to a large degree, and even as far back as 2000. Over the coming months, we will work closely with the sector and other stakeholders to update this and to look at the challenges and opportunities facing the sector before consulting on any potential changes.

As part of this we will look at options to support local authorities through transitional protection. Councils should note the one-off 2022/23 Services Grant provided in the Local Government Finance Settlement in 2022/23 will be excluded from potential transitional protections.”

The Council has been planning for this change of funding for several years and the MTFS includes the possible impact of reduced Government funding and includes savings targets to address the reduced funding.

Business Rates Retention

The Council administers Business Rates (National Non Domestic Rates) of around £44.7 million per annum on behalf of the Government. The Council retains some Business Rates income as part of its core Government Funding. For the 2021/22 financial year, this amounts to £3.3 million.

In 2013, the Government implemented the Business Rates Retention Scheme for local authorities. Each year DLUHC sets the “baseline” funding for local authorities from business rate retention. For this Council, the baseline funding for 2021/22 is £1.9 million. As part of the Business Rate Retention Scheme, the Council shares business rate income growth with Government on a 50/50 basis. The Cotswold District has seen a significant increase in income from business rates since 2013 as the economy has grown. The growth retained by this Council now represents £1.4 million of additional Government funding over the £1.9 million baseline.

For 2022/23 the baseline funding level remains at £1.9 million. The retained growth above baseline is forecast to grow to £1.5 million.

The Fairer Funding Review will reset this Council’s level of Business Rate Retention. It is also likely that the share of the gain from economic growth will change. For both of these reasons, the Council is facing a significant risk that its core Government funding will fall sharply - a financial ‘cliff-edge’.

New Homes Bonus

Another part of the Council’s core government funding comes from New Homes Bonus. This grant is a reward to Councils for delivery against the Government’s national priority of

increasing the number of homes. The value of the grant depends upon the increase in the Council's "Council Taxbase".

Originally, New Homes Bonus grant was paid for a period of six years. In later years, the period that the grant was payable for was reduced to four years. The grant for 2021/22 was payable for one year only. Funding from the New Homes Bonus Scheme is being reviewed as part of the DLUHC Fairer Funding Review.

The value of New Homes Bonus to the Council in 2021/22 is £2.1 million. For 2022/23, DLUHC have announced a further round of funding which is being provided for 2022/23 only. The MTFs reflects that the Bonus will reduce, so that only the "legacy" grant payment from 2019/20 of £0.7 million and the 2022/22 award of £0.1 million will be due in 2022/23, totalling £0.8 million.

Given that the Government still wishes to increase the supply of new homes nationally, it is likely that there will be an alternative funding stream from the Government related to the local provision of housing.

The Council's plan for addressing reduced Government funding is set out in the Recovery Investment Strategy. This Strategy assumes there will be some replacement funding from Government for New Homes Bonus. Should this not be provided, the Council will need to increase income or find alternative savings.

Cost of service delivery in a rural area

The Council covers a large geographical area, some 450 square miles, with many small towns and villages. This low population density means that the cost of delivery of Council services at a local level is high. For example, the Council collects recycling and waste from every property in the District, meaning that our vehicles need to travel many miles per household. This means that the Council requires more vehicles and operatives to deliver the service per household than in urban areas where households are closer together.

The Government has recognised this cost driver and has provided Rural Services Delivery Grant funding since 2016. For 2021/22 the grant is worth £0.6 million on top of funding from Retained Business Rates. The Provisional Local Government Settlement has confirmed that this grant will remain available in 2022/23. The implementation of the Fairer Funding Review puts this funding at risk from 2023/24.

Covid-19 impact upon income and costs

The Council set its budget for 2020/21 on 26th February 2020, just before the first Covid-19 lockdown. Demand fell for the Council's income generating services from early in March 2020, and this decline accelerated following the announcement of the first lockdown on 23 March 2020. The Council's service related income continued to be impacted throughout the year and in to 2021/22.

In addition to reduced service income, the Council also faced pressure on its expenditure budgets. In particular, providing emergency accommodation for individuals and families facing homelessness; collecting additional waste and recyclable materials presented by households and ensuring that the Council's leisure contractor was able to fulfil its contractual obligations.

The Council regularly reported the impact of Covid-19 on its finances to the Government. In response the Government provided grant funding in recognition of expenditure pressures and compensation for income losses.

The financial impact of Covid-19 was felt across the Council's services and therefore across many of the 2020/21 service budgets. In September 2020, Council approved a revised budget for 2020/21 which:

- revised income budgets to reflect forecast service income for 2020/21;
- revised expenditure budgets to reflect additional cost pressure in 2020/21;
- incorporated the initial three tranches of funding received from Government for Covid-19 and the promised support for income losses; and
- set out revised funding for the 2020/21 budget.

The overall impact of Covid-19 in 2020/21 was a net cost of £190,000 to the Council which was funded through the General Fund.

The basis for the 2021/22 budget was the original 2020/21 budget. However, it reflected the ongoing impact of Covid-19 on income and expenditure and Included Government funding for Covid-19 cost pressure and compensation for the impact of lost income from sales, fees and charges for the period April to June 2021.

Financially, income from the Council's cash investments fell significantly due to interest rate reductions as interest on cash deposits fell from around 1% to 0.4% per annum. However, this also provides the opportunity for the Council to reduce its borrowing costs either by using some of its cash balances to provide cash flow for some of its planned capital expenditure (rather than raising finance from external borrowing) or entering into loans at historically low interest rates. Further information on the Council investments and borrowing plans are set out in the Capital, Investment and Treasury Management Strategies.

Development of the Proposed Budget 2022/23 and Medium Term Financial Strategy

The basis of the 2022/23 budget is the budget for 2021/22, excluding the changes required to reflect the impact of Covid-19. The budget for 2022/23 and the MTFS reflects the following:

1. The impact of inflation;
2. Investment in Council Priorities;
3. Provision for the ongoing impact of Covid-19;
4. Unavoidable budget pressures;
5. Planned savings;
6. Changes to income from fees and charges and Government grants for specific services;
7. Changes to Government funding;
8. Estimates of the Council Taxbase and the Council's Council Tax proposal;
9. Estimates of income from Business Rates Retention;
10. Changes to the Capital Programme; and

11. Use of revenue reserves;

The Council engages with its partners in Publica and Ubico to develop its budget proposals. A detailed analysis of all of the changes to the budget over the life of the MTFS is included in **Annex A**. Details of key items in the 2022/23 budget and plans for 2023/24 to 2025/26 are set out below:

1 Impact of inflation

The Council has provided for inflation on salaries for Council and Publica employees and allowances for Members in 2022/23 based upon an assumed local government pay award of 2.5%. The pay award offer of 1.75% for 2021/22 is still under negotiation, the baseline 2021/22 budget has been uplifted to reflect the current offer.

In November 2021, HM Treasury published a comparison of independent inflation forecast for the UK economy. Over the medium-term inflation is forecast as follows:

	2022 %	2023 %	2024 %	2025 %
Consumer Price Inflation	4.0	2.6	2.5	2.3
Retail Price Inflation	5.8	4.1	3.7	3.5

As pay inflation is linked to the rate of inflation in the economy, the MTFS assumes pay inflation of 2.5% from 2022/23 and that inflation will continue at that level for the remainder of the life of the MTFS.

Inflation in the Ubico environmental services contract reflects employee pay award inflation, and additional costs of repairs and maintenance to the vehicle fleet as the fleet ages.

2 Investment in Council Priorities

Over the term of the Council from 2019 to 2023, the Council is planning to invest in its Priorities as follows:

a. **£750,000 towards addressing climate change**

This funding will kick-start the action plan to make the Cotswold District “green to the core”. Actions include:

- 1 encouraging residents to switch to electric vehicles by delivering charging points across the district;
- 2 reviewing our use of offices and buildings as large numbers of staff continue working from home;
- 3 identifying opportunities to use our assets to support our climate strategy;
- 4 minimising costs so we can use more of our funding in support of climate action.

- b. **£740,000 towards reviewing the local plan.** The outcome is to ensure new developments in the District suit the needs of communities and protects the District landscapes and heritage.
- c. **£400,000** for investment in feasibility studies and other work to support the provision of social housing built to carbon zero.
- d. **£200,000 to improve the cleanliness and appearance of the District** through the Clean and Green Programme.
- e. **£100,000** to plan and develop better, greener transport options in the District, including cycle and walking routes and innovative bus options.
- f. **£35,000** each year to continue to fight against fly-tipping
- g. **£25,000** towards a review of open space on new developments, working with builders and residents on new public open space.
- h. **£23,000** towards helping individuals with complex needs, who are facing homelessness to access secure accommodation and support.
- i. **£350,000** to fund the Recovery Investment Strategy which aims to make the Council's money go further and maximise support for the District in its recovery from Covid-19. Investment include:
 - 1 specialist skills and expert advice on how we can invest in the economic recovery of the district;
 - 2 giving our workforce access to training to build skills and knowledge fit for the new working environment created by Covid-19;
 - 3 enabling the production of new truly green energy supplies in the district; and
 - 4 delivering additional social housing.
- j. **£30,000** to engage with communities and encourage change in line with the Council's climate change emergency declaration.
- k. **£30,000** to develop the Council's Leisure Strategy.
- l. **£12,000** to fund one-off costs for transferring the car park enforcement services from a third party to management within Publica.
- m. **£13,000** to conduct feasibility work on options for insulating the Council's Trinity Road office building roof to minimise carbon emissions.
- n. **£360,000** provision for additional costs associated with waste and recycling services due to increased working from home related to the Covid-19 pandemic.

3 Provision for the impact of Covid-19

Covid-19 has continued to impact Council income and expenditure during 2021/22, due to the impact of national restrictions. The impact of embedded behaviour change, such as the continuation of working from home and the continued use of online shopping, on the Council's future revenue budget remains unclear. The 2022/23 budget includes a provision for reduced income from sales, fees and charges of £400,000. The MTFS assumes that this will not be a permanent change to the budget but will recover by 50% in 2023/24 and the Council's revenue will return to pre-pandemic levels from 2024/25. In addition, provision for additional costs of £360,000 for the collection of garden waste and recycling from households has been made available from the Council Priorities Fund for 2022/23.

The impact of Covid-19 on the collection of Council Tax and Business Rates in 2020/21 are shown in the Collection Fund account at the end of the 2020/21 financial year. Losses on the Collection Fund are usually "repaid" from the Council's revenue account in full in the following financial year. The Government has provided for losses in 2020/21 to be spread over the following three financial years – 2021/22 to 2023/24. This change of practice is reflected in this Strategy.

4 Unavoidable budget pressures

In addition to inflationary pressure, the Council monitors external factors which impact upon its budget. Unavoidable funding pressure arises from the following:

- a. Complying with financial reporting requirements. For example, providing for the payment of interest and repayment of borrowing related to the Capital Programme (Minimum Revenue Provision);
- b. Changing market conditions. For example, the processing cost of recycling materials, the impact of lower interest rates on Council investment returns and reducing demand for Council services which lowers income from fees and charges;
- c. Decisions taken by other bodies which impact upon this Council. For example, any County Council decisions related to waste disposal which impact upon collection arrangements for waste and recycling;
- d. Changes to the Government legislation or regulation. For example, changes to external audit regulations are increasing the work carried out by the Council's external auditors, who are therefore raising the external audit fee.

The most significant unavoidable budget pressures include:

- a. £50,000 to replace the current part-time Monitoring Officer role with a full-time Director of Governance and Development role which will increase capacity within the Council leadership team to support delivery of Council Priorities and will include responsibility for Member development.
- b. £47,000 to make permanent a resource to support economic growth in the District, recognising the value of work delivered since 2020.

- c. £39,000 to reflect the cost of attracting and retaining drivers for the Ubico Ltd contract.
- d. £70,000 for unavoidable growth in the costs of software maintenance, and cyber security enhancements. The software market is moving from one-off capital investment to annual charges. Investment in ICT in the Capital Programme has been reduced by £50,000 to acknowledge the move from capital to revenue costs. The net impact upon the revenue budget is £20,000.
- e. £14,000 for the flood warden programme enabling the Council to provide a supportive role, whilst capitalising on the wealth of local knowledge and experience that can be harnessed through volunteer programmes.
- f. £10,000 for the Council's contribution to Active Gloucestershire which delivers projects using the "we can move" approach that aims to increase physical activity levels in the District.
- g. £44,000 for increases cost of insurance policies.
- h. £7,000 for rising energy prices

To offset some of these unavoidable cost increases, the following savings will also be included in the 2022/23 revenue budget:

- a. £110,000 reduced requirement for contributions to the Local Government Pension Scheme.
- b. £22,000 due to the end of a property lease.
- c. £13,000 to reflect the reduced cost of Business Rates payable on certain Council owned properties.
- d. £78,000 reduced recycling processing costs.

The Council is also able to recognise additional income in its revenue budget from 2022/23 as follows:

- a. £26,000 from the Council's leisure contract.
- b. £12,000 for lease income from the Cirencester Leisure Centre
- c. £141,000 from other commercial property leases
- d. £60,000 from interest on a short-term loan to Cottsway Housing Association.

Details of all budget pressures and changes to income budgets over the life of the MTFs are set out in **Annex A2**.

5 Planned Savings

The Council has included the following savings targets over the life of the Financial Strategy:

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Savings	822	3,824	2,062	2,160

These savings will be delivered through:

1. changes to Council policies, which increase income or reduce the cost of service provision;
2. return on investments made to support delivery of the Council Priorities;
3. efficiencies delivered through the Council's service delivery partners;
4. new Government funding streams; or
5. changes to the Council's asset portfolio.

A tactical plan for delivery of these savings is included in the Recovery Investment Strategy.

The Council will seek to maximise the use of the land and property assets it owns to support delivery of the Council priorities. The Council will also seek to work in partnership with other public sector service providers to make best use of the public estate within the District and the County.

The Council will consider business cases for the acquisition, disposal or enhancement of assets including the contribution towards Council Priorities, financial implications, risk, legal and governance matters. The Council will ensure that appropriate due diligence is carried out in line with the requirements set out in the Council's Capital Strategy.

6 Fees, charges and Government grants for specific services

The Council charges for many of the services it provides including car parking, planning advice and garden waste collection. The Government sets some fees, such as planning application fees. Where the Council has the discretion to set its own fees, the Council will charge for these services to ensure they are not subsidised by other taxpayers. The Council may decide to subsidise some fees and charges. Reasons for this will be clearly set out and will be subject to decision by councillors.

The budget proposals for 2022/23 include the following change to fees and charges:

The Council plans to continue with its budget resolution from February 2020 to increase garden waste service fees, over a three year period, so that the Council is recovering in full the cost of service provision. For 2022/23, this means implementing an increase to £47 for each bin licence. The revenue benefit is expected to be £264,000.

The Council resolved in 2020 to review car park charges every two years. On 10 January 2022, Cabinet approved changes to car park fees and charges, including charging for the period between 3 PM and 6 PM across the District. These changes are estimated to increase income to the Council by £300,000. In line with the Council's policy of reviewing car park tariffs and permit fees for inflation every two years, an inflationary increase has also been applied to car park tariffs and permit fees. This is expected to increase income by £100,000.

7 The Local Government Settlement 2022/23

The Department for Levelling Up, Housing and Communities (DLUHC) has used the outcome from the Spending Review to set the Local Government Finance Settlement 2022/23. The Local Government Finance Settlement, announced 7 February 2022, sets Government funding for individual councils.

The key announcements for district councils included:

- Nationally, an above inflation cash increase of 6.9% has been announced; however, this is different for individual councils. For Cotswold District Council, the settlement is essentially a flat roll-over from 2021/22.
- Councils impacted by “negative Revenue Support Grant”, which includes this Council, continue to be protected from this funding cut;
- New Homes Bonus funding will continue for 2022/23 but the grant will be for one-year only. The 2021/22 New Homes Bonus grant remains payable for that year only, so will not continue in 2022/23. Prior to 2020/21, New Homes Bonus grant was awarded for multiple financial years, initially six years and latterly four years. A consultation paper on the future of New Homes Bonus is due to be published shortly with an indication that changes will be implemented in 2023/24;
- Rural Services Delivery Grant continues in 2022/23;
- A new Services Grant has been introduced in 2022/23 and will be payable for one year only. This Grant includes funding for the national increase to National Insurance Contributions. This grant will be excluded from potential “transitional protection” as the Government implements changes to local government funding. This change is expected to take place from 2023/24.
- The Lower Tier Services Grant which was introduced in 2021/22 to ensure that no local authority saw an overall reduction in Core Spending Power in 2021/22 continues in 2022/23. Core Spending Power includes income from Retained Business Rates, Council Tax, Lower Tier Support Grant, New Homes Bonus, Rural Services Delivery Grant and the new Services Grant.
- Disabled Facilities Grant funding will continue at current levels;
- The Government delayed changes to local government funding from the Fairer Funding Review and Business Rate Retention Scheme for a year to April 2023.

In October, the Council’s draft budget for 2022/23 prudently included only legacy New Homes Bonus Grant from 2019/20 as the future of New Homes Bonus was uncertain. In terms of overall Government funding, it was assumed that funding would be broadly neutral but that increased income from a Council Tax increase would be considered as part of core Government Funding and cash funding from the Government would fall in line with the Council Tax increase.

The impact of the Local Government Settlement on the Council’s revenue budget for 2022/23 compared to 2021/22 is set out below:

Government Funding	2021/22 £000	2022/23 £000	Change £000
Retained Business Rates	3,280	3,462	182
Lower Tier Services Grant	691	1,435	744
Rural Services Delivery Grant	632	632	0
New Homes Bonus	2,093	810	(1,283)
Services Grant	0	129	129

Total Government Funding and the cut compared to 2021/22	6,696	6,468	(228)
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The 2022/23 revenue budget funded by core Government funding has therefore reduced by £228,000.

8 Council Taxbase and Council Tax Proposal

The Council's current (2021/22) Council Tax for a Band D property is £138.93 for the full year. Each year the Government sets the maximum increase that a council may apply without requiring a local referendum. For district councils in 2022/23, the maximum increase is 2% or £5, whichever is the higher.

In order to deliver against its Priorities, the Council has recognised the need to generate income to fund investment in Council services. The Council therefore proposes implementing the maximum increases to Council Tax, allowable without holding a referendum, over the life of the MTFS.

For residents on low income, the Council has a Local Council Tax Support Scheme available to provide financial support with Council Tax payments. The Scheme was revised for 2020/21 to make it more generous.

The MTFS assumes a growth in the Council Taxbase of 1.2% over the life of the MTFS. The Taxbase for 2022/23, however, has grown at a lower rate of 0.8%. The lower Taxbase reflects an increase in the number of single person households (where an occupier is entitled to a discount of 25%), an increase in the impact of Local Council Tax Support payable as a result of the economic conditions in 2022/23 and promotion of the support available to low income households in the District. In addition, growth in housing supply has been slower than previously expected.

The outcome from a £5 Council Tax increase (for Band D properties) and growth in the Taxbase is forecast to deliver an increase in overall income from Council Tax in 2022/23 of £259,000. The proposed increase to Council Tax for 2022/23 for each Council Tax band is set out in the table below:

Council Tax Band	Proportion of Band D	Proposed increase 2022/23
A	6/9	£3.33
B	7/9	£3.88
C	8/9	£4.44
D	9/9	£5.00
E	11/9	£6.11
F	13/9	£7.22
G	15/9	£8.33
H	18/9	£10.00

9 Retained Business Rates

A key element of funding from the Government is from retained business rates. The MTFS assumes the Council will be compensated (through section 31 grant) for any negative impact upon business rates which relate to any nationally announced discounts or reliefs to businesses (such as the Covid Additional Relief Fund announced at the time of the Provisional Local Government Settlement).

The retained business rates scheme was due to be changed from April 2022. In November 2021, the Communities Secretary announced that plans to reform the Business Rates Retention Scheme to enable councils to retain 75% of their business rates would conflict with the Government's levelling up agenda and that the government would now "proceed with caution" on the issue. In his statement on the Provisional Local Government Statement, the Secretary of State for Levelling Up, Housing and Communities referred to future changes to Local Government funding as follows:

"Government is committed to ensuring that funding allocations for councils are based on an up-to-date assessment of their needs and resources. The data used to assess this has not been updated in a number of years, dating from 2013-14 to a large degree, and even as far back as 2000. Over the coming months, we will work closely with the sector and other stakeholders to update this and to look at the challenges and opportunities facing the sector before consulting on any potential changes.

As part of this we will look at options to support local authorities through transitional protection. Councils should note the one-off 2022/23 Services Grant provided in the Local Government Finance Settlement in 2022/23 will be excluded from potential transitional protections."

The impact of the review on needs and resources will be reflected in the amount of business rates which can be retained locally by the Council. The MTFS has been updated to reflect forecast income from the revised Government funding scheme using advice from Pixel Financial Management who are providing expert advice to support local authorities and national bodies such as Sparse and the Local Government Association. The MTFS takes a prudent view of implementation in April 2023.

The Gloucestershire Business Rates Pool

The Gloucestershire Business Rates Pool was set up in 2013/14 to maximise the business rate income retained within the County and to support economic growth within the area of the Local Enterprise Partnership. Since 2013/14 the Pool has delivered the following surpluses/(losses):

	Pool Surplus/(Loss) £	Cotswold DC Share Surplus/(Loss) £
2013/14	774,862	25,156
2014/15	(2,336,565)	(228,988)

	Pool Surplus/(Loss) £	Cotswold DC Share Surplus/(Loss) £
2015/16	877,948	114,854
2016/17	2,138,143	275,600
2017/18	3,992,000	482,179
2018/19	14,270,000	497,975
2019/20	4,547,000	539,000
2020/21	3,572,000	403,000

For 2018/19, the Council was part of the Gloucestershire 100% business rates retention pool pilot, which included all of the Gloucestershire local authorities and aimed to maximise the retention of business in Gloucestershire. In return for the gain of retaining all of the growth above baseline funding within Gloucestershire, some of the central government grants such as Rural Services Delivery Grant and Revenue Support Grant were directly funded from the Business Rates Retention Scheme.

The results of the 100% pool pilot were very successful with county-wide gain being in excess of £14 million. Of this gain, 20% was set aside for strategic economic development, 50% was allocated to the County Council to reflect the higher risk to the County Council of being part of the pool and the remaining 30% was shared across the District Councils. The District Council gain was allocated according to growth at a District Level and an equal share of the pool proportion gain so that each District gained from being part of the pool.

For 2019/20 the pool was no longer a 100% pilot, and reverted to the original 50/50 pool. The windfall gain for this Council was allocated to the Council Priorities Fund for investment in priority projects.

The Gloucestershire Business Rates Pool continues in operation in 2021/22 and will continue for 2022/23. The MTFs assumes that any windfall gain associated with the Business Rates Pool will be allocated to the Council Priorities Fund.

Each year the Council forecasts whether its collection of Business Rates will be higher than anticipated, resulting in a “surplus” on the Collection Fund, or lower than anticipated, resulting in a “deficit” on the Collection Fund.

Where this Council forecasts a surplus on the Collection Fund, the surplus is paid out in the following financial year to the County Council (10%), Government (50%) and the District Council (40%). Similarly, where the Council forecasts a deficit, the deficit is recovered in the same proportions in the following financial year. Due to the impact of Covid-19 on Councils ability to collect Business Rates, Government is permitting the exceptional Collection Fund deficit in 2020/21 to be recovered over the following three financial years rather than in the whole deficit being funded in 2021/22.

The business rate estimates for 2022/23 are set out in the Table below. The Final Local Government Finance Settlement increased the value of the Section 31 Grant by £37,642, offsetting a reduction in the Lower Tier Services Grant of the same amount.

	2022/23 £
Estimate of business rate income to the District	11,128,047
Tariff to Government	(11,485,278)
Section 31 Grants – reflecting impact of Government decisions on local government financing	4,981,628
Estimated Levy Payable to Government	(1,108,015)
Net Retained Business Rates 2022/23	3,516,382
Collection Fund Surplus/(Deficit) forecast to end 2021/22	(4,896,518)
Transfer from Business Rates Smoothing Reserve	4,841,778
Net Overall Income from Retained Business Rates	3,461,642

10 Capital Programme, Investment and Borrowing

The Council has set out its plans for investment in Council Priorities in various strategies including: this Medium Term Financial Strategy, the Climate Emergency Strategy and the Green Economic Growth Strategy. This investment is for service provision rather than investment to generate income to the Council. As such, the Council will be able to access borrowing from the Public Works Loans Board. The Council acknowledges that funding significant capital investment from its own internal resources is not possible and that external borrowing will be necessary. The Council is required to provide for the eventual repayment of debt from revenue. The Council's Recovery Investment Strategy sets out the return on investment which new investments will be required to meet to fund both the revenue cost of the investment and to provide additional income to the Council.

The detailed Capital Programme has been updated to reflect decisions taken by the Council and to reflect the expected profile of expenditure. The updated Capital Programme is included at **Annex A3**. The value of the Capital Programme and the associated funding is set out below:

Capital Programme Funding	Revised2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
External sources	3,468	700	700	700	700
Capital receipts	8,060	805	2,864	2,159	105
Revenue budget	200	150	150	150	150
Reserves	2,165	0	0	705	0
Borrowing	499	37,450	25,657	23,812	736
Total Funding	14,392	39,105	29,371	27,526	1,691

Further information on the Capital Programme is contained within the Council's Capital, Investment and Treasury Management Strategies.

11 Earmarked Reserves

Earmarked reserves are amounts set aside for specific policy purposes or for general contingencies and cash flow management. Revenue reserves result from events that have allowed or required monies to be set aside, year-end surpluses or circumstances that have led to anticipated expenditure being delayed or cancelled. Revenue reserves can be used for revenue or capital purposes.

Capital reserves are created from usable capital receipts. Capital reserves are not available for revenue purposes.

It is the responsibility of the Chief Financial Officer to advise the Council about the level of reserves that should be held and to ensure that there are clear protocols for their establishment and use.

Section 25 of the Local Government Act 2003 places a specific personal duty on the Chief Financial Officer to report on the adequacy of reserves and the robustness of the budget. The Chief Finance Officer includes this report in the budget setting report to Council in February each year.

The Council holds an earmarked reserve to support funding on Council Priorities. Any funding not used at the end of the financial year is rolled forward in to the next financial year. The use of Council Priorities Fund over the life of the MTFS is set out below:

Key use of earmarked reserves	Revised 2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Clean and Green Cotswolds	133	100		
Climate Change Emergency	126			
Covid-19 Recovery – impact upon contractors	240	360		
Devolution	75			
Economic Development and Regeneration	1,860			
Grants	33			
Leisure Strategy	30			
Local Plan Refresh	480	355		
Local Transport Engineer	50	50	45	
Open Space Review	25			
Recovery Investment Strategy and Economic Development	422	74		
Service Improvements	504	138	70	707
Social Housing	125	47		

Key use of earmarked reserves	Revised 2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Other	278			
Total	4,381	1,124	115	707

Conclusion

The Council has approved an ambitious Corporate Plan for delivery over the 2020-2024 period. This Medium Term Financial Strategy sets out the financial envelope for delivery of this Plan.

There are some significant risks to the Council from changes to Government funding. The Council has been planning for these changes and has approved a Recovery Investment Strategy to respond to potential reductions in Government funding.

In order to deliver action to support the new Council Priorities, the Council will need to invest in capital projects and this will require the Council to borrow for the first time since 1997. The MTFs reflects the financial implications of the borrowing plans set out in the Capital Strategy. All new capital investment will be subject to governance arrangements set out in the approved Recovery Investment Strategy and the due diligence requirements set out in the Capital Strategy.

The net cost of the Council's revenue plans, over the life of this Strategy, is as follows:

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Operational revenue budget (surplus)/deficit	791	3,824	2,062	2,160
Savings/income generation target	(822)	(3,824)	(2,062)	(2,160)
Contribution (to)/from General Fund	(31)	0	0	0

The savings targets in 2023/24, 2024/25 and 2025/26 reflect the impact of reduced funding from Government from the DLUHC Fairer Funding Review and the savings required to fund unavoidable budget pressures such as inflation and the costs associated with borrowing for investment in Council services.

The Council will manage these budget deficits through application of the General Fund Balance. The forecast level of General Fund Balance is set out below:

	31 March 2023 £000	31 March 2024 £000	31 March 2025 £000	31 March 2026 £000
General Fund Balance	4,202	4,202	4,202	4,202

Overall, the Council revenue and capital plans are affordable and the forecast balances on Council resources is set out below:

	31 March 2023 £000	31 March 2024 £000	31 March 2025 £000	31 March 2026 £000
Capital Reserves	1,289	1,379	318	1,311
Earmarked Revenue Reserves	914	751	44	44
General Fund Balance	4,202	4,202	4,202	4,202

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Cotswold District Council

Recovery Investment Strategy 2022-2026

Foreword

At Cotswold District Council we recognise that we are facing a future funding challenge due to anticipated cuts in government funding and increased service cost pressures. Whilst central government has recently increased funding levels to local government in general this has been clearly focused upon upper tier services such as Adult Social Care and Children’s Services.

Additional resources to finance district level services are likely to be limited in the future and at level lower than that historically delivered through incentive based funding such as New Homes Bonus. These reductions in funding have already started to bite.

Before the Coronavirus Pandemic we had an ambitious agenda of change to deliver better services for our residents. The impact of the crisis on our Council, our residents and our place has made this Strategy even more important. To match our delivery ambitions to our revenue streams will require the whole Council to be more creative and commercially minded with all our services – reassessing the delivery of efficiencies, savings and income generation.

This Strategy builds upon our initial plans which were set out immediately after the start of the global pandemic but updates the finances based upon latest information and the increasing challenges in a post-Covid economy. The Strategy re-emphasises the Council Plan framework to provide value for money for our residents and businesses in respect of all of our services. As such, this represents an approach which all Councillors, Officers and Partners should adopt.

Our approach to deliver the much needed capital investment for our Housing, Jobs and Green Infrastructure is to ensure that the Council makes an appropriate return on capital employed to support the cost of capital and an appropriate return to support the revenue budget.

With an estimated funding gap of £8.9m against a net service cost of circa £12.5m this represents a significant challenge and requires us to be innovative, bold and ambitious in our approach. To meet this challenge we must focus on delivering the Council priorities whilst also at the same time closing the funding gap.

Joe Harris
Leader of the Council

Mike Evemy
Deputy Leader of the Council and
Cabinet Member for Finance

Tony Dale
Cabinet Member for the Economy and Transformation

Scope

The scope of this Strategy is to cover the range of tools and activities that help to improve the general approach to matching income and expenditure across the activities of the District Council whilst delivering upon the Council Priorities.

It is recognised that it is neither possible nor necessarily desirable for all the activities of the Council to be funded from the users of those services alone, but, the approach of this Strategy is to propose that ‘user funding’ should be the ‘normal’ position and exceptions to this be specifically approved. This Strategy does this by seeking to improve the general awareness amongst councillors and officers of commercialisation as a major tool for raising revenue.

The Strategy focuses strongly on how future capital investments should be appraised to ensure that they do not add to the burden on residents via Council Tax unless there is a clear social value reason for this and it is affordable and sustainable for the Council to support over the long term.

The Strategy starts from a premise that the Council has a clear need to deliver on its priorities and that capital investment is a tool to deliver these priorities and it needs to be bold if it is going to deliver on these. However it also recognises that there is a significant funding gap that needs to be closed and that the capital investment required to deliver on priorities also needs to support the underlying revenue budget by making an appropriate return.

Capital investment is also key to delivering the ambitious programme of the Council and the Strategy sets out some general principles to support business case decision making.

Council Aim

The Council's aim is to:-

“Recreate a council that's proactive and responsive to the needs of our residents and businesses in a fast changing environment, building for the future whilst respecting our heritage”.

The objective of the Recovery Investment Strategy is to ensure the Council has the necessary resources to deliver its overall aim and ensure investment decisions are aligned with the overall Council aim and priority themes whilst contributing to the financial viability of the Council.

The Council approved its Priorities in September 2020 as:

Our priorities

- delivering our services to the highest standards
- responding to the challenges presented by the climate crisis
- providing good quality social rented homes
- presenting a local plan that's green to the core
- helping residents and communities access the support they need for good health and wellbeing
- supporting businesses to grow in a green, sustainable manner, and to provide high value jobs

Our principles

Everything we do will be built on the following principles:

- rebuilding trust and confidence in the council by promoting a culture of openness and transparency
- providing value for money for our residents and businesses by using our resources wisely and investing in the district's fabric and future
- listening to the needs of our community, and acting on what we hear

Strategic Aims of the Recovery Investment Strategy

To become a more commercially focused Council we will need to deliver on the following key strategic aims:-

- Develop Commercial Skills across the Council and embed within the organisation;
- Improve our overall financial position by closing the gap between income and expenditure;
- Maximise income generation opportunities whilst not losing sight of social value;
- Leverage the intrinsic strength of our balance sheet to generate returns to support our service priorities for residents;
- Deliver projects that meet our priorities in an environmentally and financially sustainable way;

Priority Delivery Themes

The delivery themes that the Council will focus on in meeting its ambitions are:-

- Affordable Social Housing;
- Green Energy & Carbon Reduction;
- Delivering Infrastructure for Jobs & Economic Growth;
- Reinvigorating Commercial Centres to ensure our economic vibrancy;
- Maximising existing and new income streams from service delivery;
- Developing a commercial culture to our decision making whilst retaining a public service ethos

Required Outcomes

The Council's Medium Term Financial Strategy sets out the following high level budget targets:-

Cotswold Commercial Strategy - Tactical Plan	Total £	2022/23 £	2023/24 £	2024/25 £	2025/26 £	Total £
MTFS Target Annual Revenue Savings	8,868,000	822,000	3,824,000	2,062,000	2,160,000	8,868,000
Policy Change & Efficiency						
Replacement of Incentive Based Funding Schemes by Govt	900,000		900,000			900,000
Environmental Services Improvement Programme	995,000	145,000	250,000	200,000	400,000	995,000
Increasing existing revenue streams /new streams	701,000	592,000	-	106,000	3,000	701,000
Efficiency savings from Publica	612,000	25,000	74,000	156,000	357,000	612,000
Sub Total Policy & Efficiency	3,208,000	762,000	1,224,000	462,000	760,000	3,208,000
Income per annum from capital investment						
Housing Association Loans	60,000	60,000	-	-	-	60,000
Climate Change & Green Energy Investments	4,000,000	-	2,000,000	1,200,000	800,000	4,000,000
Economic Development & Assets	1,600,000	-	600,000	400,000	600,000	1,600,000
Sub Total Capital Investment	5,660,000	60,000	2,600,000	1,600,000	1,400,000	5,660,000
Total MTFS Target	8,868,000	822,000	3,824,000	2,062,000	2,160,000	8,868,000
Investment Return Required from Capital Expenditure	5,660,000	60,000	2,600,000	1,600,000	1,400,000	5,660,000
Capital Exp Required to Deliver @ 7.5% ROI Loan @ 3.3%	7.5% 76,500,000	1,800,000	34,700,000	21,300,000	18,700,000	76,500,000

These targets represent the revenue savings that need to be made to achieve a balanced budget over the medium term and are a mixture of policy changes, efficiency savings and investment returns. The investment returns are targeted to ensure the investment delivers a return that covers the capital financing costs (principal and interest) and a return on capital employed. Please note that the capital expenditure required to deliver the assets may fall into an earlier year for financing purposes.

Tactical Delivery Plan

A delivery plan to meet the targets set out in Medium Term Financial Strategy is shown below. The nature of the transactions requires confidentiality to be maintained until appropriate levels of approvals are reached. It should also be regarded as a working document through which we can monitor progress of delivery against the plan. The Capital Programme Investment Board will review confidential information to ensure appropriate due diligence is conducted.

Cotswold Investment Strategy - Delivery Plan Public	Capex	Thematic Target £	Pre Debt ROI	2022/23 £	2023/24 £	2024/25 £	2025/26 £	Total £
Thematic Council Priority / Target	76,500,000	5,660,000		60,000	2,600,000	1,600,000	1,400,000	5,660,000
Housing	1,800,000	60,000		60,000	0	0	0	60,000
Loan to Cottsway	1,800,000	60,000	3.3%	60,000				60,000
Shortfall to Target		0		0	0	0	0	0
Climate Change & Green Energy Investments	49,700,000	4,000,000		0	2,000,000	1,200,000	800,000	4,000,000
Solar Provision 1	25,000,000	2,000,000	8.0%		1,000,000	1,000,000		2,000,000
Solar Provision 2	7,350,000	588,000	8.0%		588,000			588,000
Solar Provision 3	7,350,000	588,000	8.0%		400,000	188,000		588,000
Solar Provision 4	5,000,000	400,000	8.0%				400,000	400,000
Solar Provision 5	5,000,000	400,000	8.0%				400,000	400,000
Shortfall to Target	0	24,000		0	12,000	12,000	0	24,000
Economic Development & Asset Utilisation	25,000,000	1,600,000		0	600,000	400,000	600,000	1,600,000
Trinity Road Commercial	1,345,000	202,000	15.0%		202,000			202,000
EVCPs Phase 1	163,000	36,000	22.1%	9,000	27,000			36,000
EVCPs Phase 2	163,000	18,000	11.0%		9,000	9,000		18,000
Employment Land	15,000,000	900,000	6.0%		350,000	300,000	250,000	900,000
Cirencester Strategic Site	5,500,000	330,000	6.0%				330,000	330,000
Other e.g. Green Burials	2,829,000	114,000	4.0%		14,000	100,000		114,000
Shortfall to Target		0		(9,000)	(2,000)	(9,000)	20,000	0
Overall Delivery Plan Shortfall		24,000		(9,000)	10,000	3,000	20,000	24,000
Current Planned Return on Investment	76,500,000	5,636,000	7.4%	69,000	2,590,000	1,597,000	1,380,000	5,636,000

Resource Requirements

The Council has matched its ambition by investing in resources to deliver the development of strategies and policies that support the implementation of the Recovery Investment Strategy, including enhanced support for economic development activity, actions to tackle climate change, and the delivery of social rented housing. These have now been included in the base revenue budgets as permanent additions. In addition the Council is supporting additional project management capacity within Publica to deliver a range of projects including those within the strategy.

	2022/23	2023/24	2024/25	2025/26	Total
Economic Development Officer	47,000	48,000	49,000	50,000	194,000
Climate Change Officer	65,000	66,000	67,000	68,000	266,000
Project Management Resource	60,000	61,000	62,000	63,000	246,000
Total	172,000	175,000	178,000	181,000	706,000

Constraints – Powers and Guidance

The landscape around local authority involvement in what is loosely described as commercial activity continues to change. It is clear that Government is keen to ensure that investment is not driven primarily for yield and additional guidance has been produced by Department for Levelling Up Housing, and Communities (DLUHC) and guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) in respect of Prudential Property Investment (Investments financed through Prudential Borrowing).

Statutory and Advisory Guidance

CIPFA's Code of Practice for Treasury Management in the Public Services (revised December 2017 and 2021 code)

CIPFA's Prudential Code for Local Authority Capital Finance (revised December 2017 and 2021 code)

CIPFA Prudential Property Investment Guidance (Nov 2019)

MHCLG 2018 Statutory Guidance on Minimum Revenue Provision

The Council's Chief Finance Officer, Deputy Finance Officer and the Public Finance Director are all aware of the core principles of the prudential framework and of the regulatory regime within which local authorities operate. There are a number of changes to how the prudential framework will operate from 2023/24.

One key change, which came in to effect from December 2021, related to the approach to borrowing in advance of need in order to profit from additional sums borrowed. This has been updated to be clear that borrowing for debt-for-yield investment is not permissible under the Prudential Code.

Officers will work with a team of specialist officers to prepare business cases for consideration by Members under the Council's Recovery Investment Strategy. It is the responsibility of the Finance Team to ensure that the implications of the prudential framework and the regulatory regime are considered as business cases are developed.

Governance Framework

The Recovery Investment Strategy helps to guide all outcomes and deliverables from all other strategies and plans of the Council – programmes and projects need to be aligned with the Strategy in the same way as they are aligned with the Corporate Plan.

As the Strategy is a guidance framework it, of itself, does not have any other governance arrangements as these sit within the overall governance framework of the Council. Key controls around investment decisions remain with Cabinet and Council as currently expressed within the Financial Rules, Capital Strategy, Investment Strategy and Treasury Management Strategy. However, a Capital Programme Investment Board has been established to ensure that Members from the Administration and the Opposition Group have the opportunity to oversee the implementation of the Strategy and to consider draft business cases before they are presented for formal decision making.

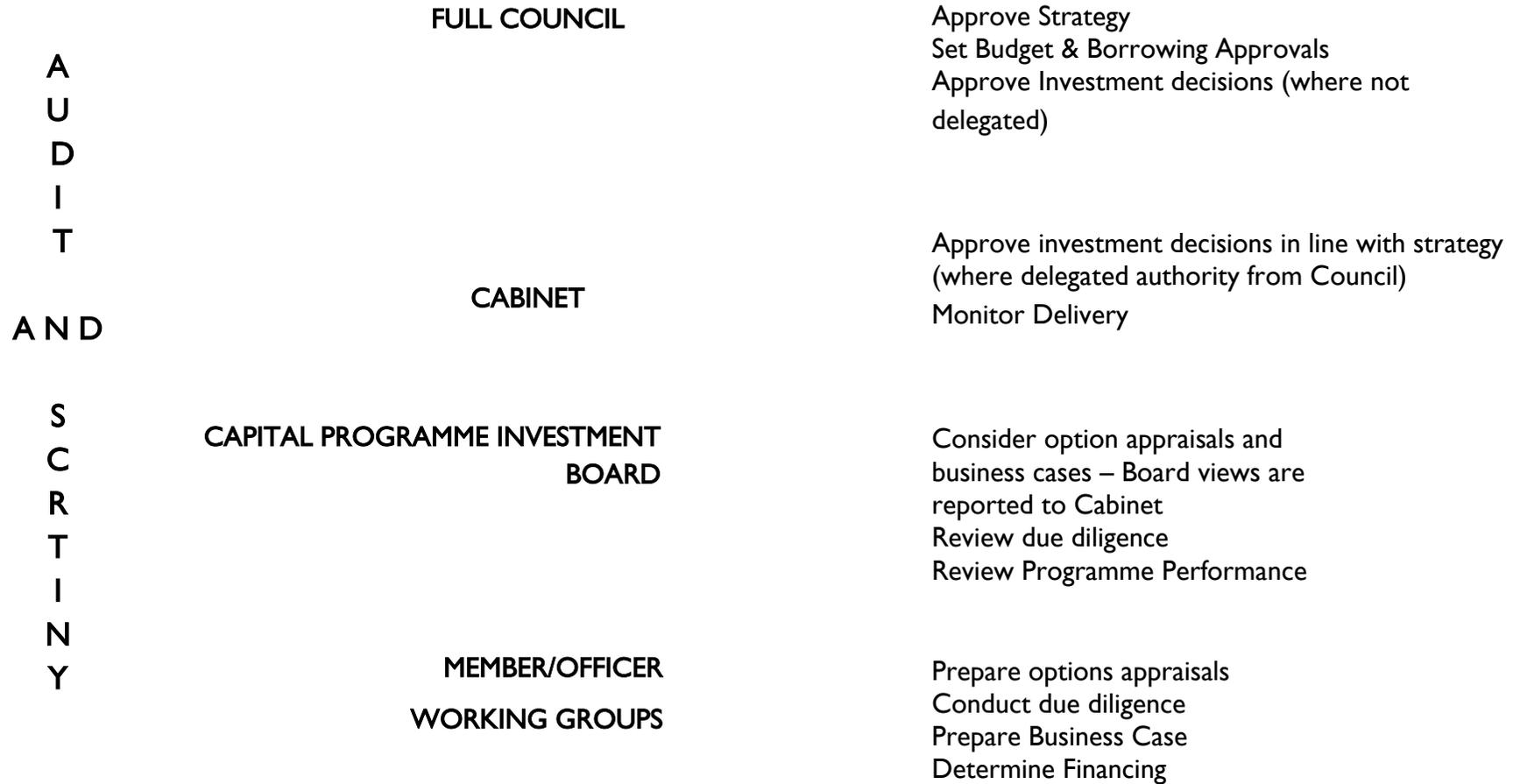
This Strategy seeks to guide all the Council investment decisions to meet the challenges and constraints set out in the Medium Term Financial Strategy.

No new capital expenditure funding bids will be placed before decision making meetings without the express approval of the Leader, Deputy Leader and Cabinet Member for Finance, Cabinet Member for Economy and Skills and the Council's Chief Financial Officer. An open and inclusive approach is recommended to governance with meetings open to all councillors to observe.

All investment decisions will be taken in line with the Council's Financial Rules which permit the Cabinet to take investment decisions up to £3 million. Investments in excess of this will require full Council approval. A diagrammatic representation of how this strategy fits with other Council Strategies is set out below.



RECOVERY INVESTMENT PROGRAMME DECISION MAKING FRAMEWORK



Key Actions

Affordable Social Housing

- Develop business case methodology that enables delivery of affordable housing
- Identify existing and potential future sites for development and acquisition
- Consider long term vehicle for holding housing and housing sites

Green Energy & Carbon Reduction

- Develop business case methodology that enables delivery of green energy
- Identify existing and potential future sites for development and acquisition
- Explore partnership delivery options

Delivering infrastructure for high value, highly skilled jobs, green economic growth, and supporting businesses to embrace digital technology

- Develop business case methodology that enables delivery of sites for jobs and growth
- Identify existing and potential future sites for development and acquisition
- Explore partnership delivery options

Reinvigorating Commercial Centres to ensure our economic vibrancy

- Develop business case methodology that enables delivery of sites for commercial development
- Identify existing and potential future sites for development and acquisition
- Explore partnership delivery options

Maximising existing and new income streams from service delivery

- Develop model to ensure all service revenue streams meet full cost recovery principles
- Undertake benchmarking for all existing revenue streams with local government comparators
- Review all fees and charges in light of service cost and market potential
- Review local government comparators to identify new income streams for existing service lines
- Review services to identify any complimentary services that could deliver revenue stream (e.g. Commercial Waste or Recycling)
- Review existing asset footprint to deliver further rental opportunities

Developing a commercial culture to our decision making whilst retaining a public service ethos

- Deliver commercial skills training for staff via a series of masterclasses in “Commercial Councils” for Councillors and staff
- Support our service leaders by providing service diagnostics to understand cost drivers
- Actively seek to move transactional services to self service
- Support our service leaders to move towards the desired operating model
- Review service provision to consider whether Council remains best delivery vehicle
- Review availability of external grant programmes to support Council and partner services

Technical Appendices

Cost of Capital and Target Returns

Funding Cost Baseline Calculations

Business Case Decision Tool Example

Example Investment Opportunities

Cost of Capital & Target Returns

To deliver capital investment schemes that meet the ambitions of the Council but do not worsen the ongoing revenue position of the Council requires the Council to at least meet the annual revenue cost of capital. This cost is made up of two elements:-

- Minimum Revenue provision (in effect principal debt repayments)
- Interest Charges

In addition to this the Council has identified a requirement to deliver a return on capital above cost to close the budget gap. This equates to 2%.

Minimum Revenue Provision is typically related to the lifespan of an asset with a maximum of 50 years. An asset with a lifespan of 25 years will require a Minimum Revenue Provision twice that of an asset that lasts 50 years.

Example target returns are set out below:-

<u>Target returns:</u>	<u>MRP</u>	<u>+ Interest</u>	<u>+ Return</u>	<u>= Total Return</u>
Renewable Energy	3.3	+ 2.5	+ 2.2	= 8%
Housing	2.0	+ 2.4	+ 1.0	=5.4%

Returns will reflect market conditions and risk assessed at the time of capital investments.

Constraints - Funding Costs

Borrowing Availability £76.5m – gross average return required 7.4% =£5.6m

Minimum Revenue Provision: Asset Life Method

Typical Renewable Energy Schemes (30 year) 3.3%

Typical Housing/ Econ Dev Schemes (50 year) 2%

Borrowing Rates

PWLB Certainty rate 30 year 2.5%

50 year 2.4%

Statutory and Advisory Guidance

CIPFA Prudential Property Investment Guidance

MHCLG Statutory Guidance

On-lending and Forward Financing rules

Business Case Decision Tool

Any business case requiring capital investment will need to complete a business case worksheet to assess whether a proposal will meet the appropriate test of affordability.

A capital investment that delivers a cost reduction will be dealt with in the same way with cost reduction replacing the income line.

An example worksheet is attached – all need to be signed off by the Council's Chief Finance Officer and Publica Group Finance Director.

Pass/Fail decisions do not automatically lead to equivalent funding decisions but are advisory to decision makers.

Business Case worksheet	Revenue Account Impact	Scenario	Medium Use Scenario I
MANUAL INPUT			
Capital Scheme:			
	All CDC Sites		Average Annual Return
Net Yield Required to deliver cap ex financial target			2.50%
Capital Expenditure			259,123
less Govt Grant			(96,000)
Net Financing Required			163,123
Net Income Target to support Council Budget			4,078
Gross Income			141,091
Expenses			
Electricity			92,156
Service & maintenance			1,835
Software and Back office			1,700
Bank Charges			1,411
Admin Officer Contribution	per charger		7,792
			-
Total deductions			104,893
Net income before financing			36,197
Debt Financing incl MRP		2.25%	10,212
Net Income after financing	Revenue Account Impact		25,985
Net Income Yield on debt			16%
Income above Target Return			21,907

Examples of Investment Opportunities

This list is neither prescriptive nor exhaustive – it gives some typical examples how we might meet our service delivery priorities whilst also delivering on the financial challenge of commercialisation.

- Delivery of Affordable Housing on Council Owned Land – part financed through market housing sale;
- Delivery of Solar PV Generation Capacity on owned or leased land/buildings to deliver reduced utility cost or generate a revenue stream;
- Delivery of Business Park with infrastructure delivered in partnership with Local Enterprise Partnership – ground rent or leased units delivering revenue stream to partners and improving local economy;
- Regeneration of Town Centre site to deliver long term rental stream from commercial tenants in respect of mixed uses such as offices, leisure and retail;
- Acquisition of Commercial Property within district to secure revenue stream but also enable better control of Town Centre;
- Investment in Electric Vehicles to deliver reduced fleet costs;
- Investment in new technology to reduce cost of existing service provision;
- Loan to a Housing Association or Council Company.

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Agenda Item 9



COTSWOLD
DISTRICT COUNCIL

Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	CABINET - 4th APRIL 2022
Report Number	AGENDA ITEM 9
Subject	FIRST HOMES
Wards affected	All
Accountable member	Cllr Lisa Spivey, Cabinet Member for Housing and Homelessness Email: lisa.spivey@cotswold.gov.uk
Accountable officer	Anwen Hughes, Strategic Housing Manager Email: anwen.hughes@cotswold.gov.uk
Summary/Purpose	To inform members of a new affordable housing tenure in the form of 'First Homes' and consider a Guidance Note on Interpretation of Policy H2 (Cotswold District Council Local Plan 2011-2031) following the introduction of First Homes
Annexes	Annex A – First Homes Guidance Note
Recommendation(s)	<p><i>a) To note the new tenure First Homes that will become part of the standard affordable housing offer on all new build sites</i></p> <p><i>b) To approve the Guidance Note on Interpretation of Policy H2 (Cotswold District Council Local Plan 2011-2031) following the introduction of First Homes</i></p>
Corporate priorities	<ul style="list-style-type: none"> • Providing good quality social rented homes
Key Decision	NO
Exempt	NO
Consultees/ Consultation	Consultation with Planning Policy Officers



I. INTRODUCTION AND BACKGROUND

- I.1.** On 24th May 2021, the Government published a Written Ministerial Statement (WMS) setting out its plans for the delivery of First Homes, defining the product and changes to planning policy. This was accompanied by changes to the Planning Practice Guidance (PPG) that sets out that First Homes meet the definition of affordable housing for planning purposes as well as other changes to facilitate the delivery of First Homes.
- I.2.** The WMS and PPG set out the potential for First Homes to be provided through the planning system from 28 June 2021, before becoming a requirement for planning applications from 28 December 2021 (or 28 March 2022 if there have been significant pre-application discussions). The PPG states that First Homes are the government's preferred discounted market tenure and should account for at least 25% of all affordable housing units delivered by developers through planning obligations.
- I.3.** Full guidance on the characteristics of First Homes is provided in the WMS, the PPG, and the draft guidance note and so are not repeated in detail in this report. Key details include the following:

The Homes	The Buyers
The purchase price of the property must be discounted by a minimum of 30% against the market value	Only available to first time buyers
The discounted price at first sale must not exceed £250,000	Household income must be no more than £80k
Price cap only applies on the initial sale	Any purchaser of a First Home should have a mortgage or a home purchase plan
Secured through a legal agreement the discount is retained for every future sale.	Must be the buyer's main residence



The WMS and PPG identify a range of additional local criteria in relation to the Level of Discount, the Price cap and a Local Eligibility Criteria that can be applied by local authorities to the level of discount.

- I.4. **Level of Discount:** In order to qualify as a First Home, a property must be sold at least 30% below the open market value. Therefore, the required minimum discount cannot be below 30%. However, the First Homes Written Ministerial Statement does give local authorities and neighbourhood planning groups the discretion to require a higher minimum discount of either 40% or 50% if they can demonstrate a need for this.
- I.5. **Price cap:** The WMS gives local authorities and neighbourhood planning groups the discretion to set lower price caps than the national price cap of £250,000 for First Homes outside of London. Local price caps should not be set arbitrarily and should only be used if evidence demonstrates a need for First Homes at particular price points. These minimum discounts should apply to the entire Local Plan area and should not be changed on a site-by-site basis. Any local price caps should be determined through the plan-making process with regard to local income levels, related to local house prices and mortgage requirements.
- I.6. **Local Eligibility Criteria:** First Homes are designed to allow people to get on the housing ladder in their local area. The Government's guidance states that local authorities can apply a local connection criteria including a possible lower income cap and a local connection test to help achieve this ambition. Any local eligibility criteria will apply for a maximum of 3 months from when a home is first marketed. If a suitable buyer has not reserved a home after 3 months, the eligibility criteria will revert to the national criteria.
- I.7. **First Homes Exception Sites:** The PPG also introduces First Homes exception sites. Full guidance on the characteristics of First Home exception sites is provided in the WMS, the PPG, and the draft guidance note.
- I.8. **Key features of First Homes exception sites are as follows:**
 - Comprise of First Homes – as defined in the WMS
 - Be adjacent to existing settlements and proportionate in size and not compromise protections afforded by National Park, AONB, rural area designations.
 - A small proportion of market housing can be allowed at the local authorities' discretion, for example, where it is essential to deliver First Homes without grant funding.
 - A small proportion of other forms of affordable housing may be allowed where there is significant identified local need.



- 1.9. Delivery of First Homes:** First Homes will be delivered mainly via developer contributions secured by a legal agreement. National policy sets out a requirement that a minimum of 25% of all affordable housing units secured through developer contributions should now be First Homes. Therefore, First Homes will be allocated to the first 25% of all affordable housing units secured through developer contributions. 100% affordable housing schemes, however, will not be required to deliver First Homes, consistent with national planning policy.
- 1.10.** The First Homes Policy came into effect from 28 June 2021. However, there are transitional arrangements for the consideration of First Homes in regards to determining planning applications. The First Homes Policy requirements do not apply for the following:
- Sites with full or outline planning permissions already in place or determined (or where a right to appeal against non-determination has arisen) before 28 December 2021;
 - Applications for full or outline planning permission where there has been significant pre-application engagement which are determined before 22 March 2022. (Significant pre-application engagement means any substantive discussions between the local planning authority and the applicant relating to the proposed quantity or tenure mix of the affordable housing contribution associated with that application).
- 1.11. Consultation:** Strategy Housing officers have been in consultation with planning policy officers in Forward Planning.

2. MAIN POINTS

- 2.1.** The guidance note has been written to support applicants and the Council in the interpretation and application of Policy H2 of the Cotswold District Local Plan (2011-2031) in light of the introduction of First Homes. The Local Plan seeks a district-wide target, subject to viability, of 40% affordable housing provision (30% on brownfield sites) on new qualifying residential developments.
- 2.2.** The guidance note supports applicants, agents and developers undertaking residential development within the Cotswold District by identifying the level of discount to be applied to the sale of First Homes, whether any price cap has been introduced and the local connection test that will be applied to the marketing and sale of First Homes. It further explains how First Home exception sites will be considered and how First Homes will relate to the implementation of Policy H2 and the provision of affordable housing.



- 2.3. The Guidance Note sets out that the national criteria of a minimum discount of 30% of the market value will be applied to the sale of First Homes and that the national price cap of £250,000 for the initial sale will be used. The WMS and PPG identify that subject to appropriate evidence local authorities can introduce additional local criteria including the potential for adopting a higher discount, a lower price cap and an income cap. The standard of evidence will need to be consistent with what is usually required within Local Plans. Cotswold District Council is working on the development of a new Cotswold District Local Plan and it is recommended that the potential for adopting a greater local market discount and a lower price and income cap be considered through the work on the new Local Plan.
- 2.4. Whilst the requirement for adopting a higher discount and a lower price cap requires a standard of evidence consistent with what is usually used within Local Plans, the WMS and PPG allows local authorities to apply a local connection criteria to First Homes without the need to provide supporting evidence. First Homes are designed to allow people to get on the housing ladder in their local area, and the Guidance Note proposes the application of the Local Government Association guideline definitions for local connection criteria to facilitate this ambition:
- **Normally be resident in Cotswold District:** defined as having resided in the area for six of the last twelve months, or three out of the last five years, where residence has been out of choice; or
 - **Work in Cotswold District:** defined as employment other than of a casual nature. For the purposes of this policy this will be defined as having had permanent work with a minimum of a 16 hour contract per week for the previous 6 months, and without a break in the period of employment for more than three months; or
 - **Have family connections in Cotswold District:** defined as the applicant, or a member of their household has parents, adult children or brothers or sisters who have been resident in Cotswold District for at least the last 5 years. Only in exceptional circumstances would the residence of relatives other than those listed above be taken to establish a local connection, but the circumstances may be sufficient and all cases will be considered individually.
 - **Members of the Armed Forces,** the divorced or separated spouse or civil partner of a member of the Armed Forces, the spouse or civil partner of a deceased member of the Armed Forces (if their death was caused wholly or partly by their service) or veterans within five years of leaving the Armed Forces will be exempt from these local connection criteria.
- 2.5. The local connection criteria will be applied every time a First Home is marketed and, in accordance with the WMS and PPG, will apply for a maximum of 3 months



from when a home is first marketed. If a suitable buyer, with a local connection as defined above, has not reserved a home after 3 months, the eligibility criteria will revert to the national criteria.

- 2.6. The Guidance Note also provides guidance on proposals for First Homes exception sites as well as a detailed explanation in support of the implementation of Local Plan Policy H2 following the introduction of First Homes. In so doing, the Guidance Note seeks to increase the efficiency of the negotiations between the Council and applicants for planning permission, and ensure the delivery of affordable dwellings of a tenure, type, and size that helps to meet housing needs within the Cotswold District.
- 2.7. It is recommended that Cabinet note that the new tenure First Homes will become part of the standard affordable housing offer on all new developer-led building sites, and that the Guidance Note is approved so it can be used to help aid the delivery of affordable housing through Local Plan Policy H2.

3. FINANCIAL IMPLICATIONS

- 3.1. There are no immediate financial implications to the Council as a direct result of this report. However the Risk Assessment below does identify a potential resource implication for processing First Homes applicants and verifying their local connection qualification. This will be monitored to determine what additional resources are needed over the next financial year.

4. LEGAL IMPLICATIONS

- 4.1. There are no legal implications arising from the recommendations in this report. The government has provided a template S106 agreement which incorporates the additional clauses required for First Homes.

5. RISK ASSESSMENT

- 5.1. The introduction of First Homes may have an implication on resourcing.
- 5.2. There will be an implication on staff time in approving the eligibility of first time buyers seeking to buy First Home properties. The amount of time will depend on the number of units delivered. Strategic Housing will monitor the resources for this part of the work and report in future if additional resources are required.

6. EQUALITIES IMPACT

- 6.1. No unacceptable adverse effects on the protected characteristics covered by the Equalities Act have been identified.



- 6.2.** The likely impact of the provision of First Homes is considered beneficial in so much as the scheme would provide additional opportunities for local people to purchase suitable affordable homes.

7. CLIMATE AND ECOLOGICAL IMPLICATIONS

- 7.1.** The guidance note does not directly relate to sustainability and climate change.
- 7.2.** All planning applications received by the Council are assessed against the Council's planning policy framework. As such, they are required to meet the requirements of the Council's climate change and sustainability policies to ensure that new development is energy efficient. The planning assessment process also ensures that any negative impacts and risks, such as an increase in carbon emissions and flood risk are appropriately mitigated.

8. ALTERNATIVE OPTIONS

- 8.1.** Cabinet could decide not to approve the Guidance Note.
- 8.2.** This option is not recommended as it does not provide clarity to the Council's planning and strategic housing officers, developers, landowners, and the general public on the Council's approach to First Homes.

9. BACKGROUND PAPERS

- 9.1.** None

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COTSWOLD
DISTRICT COUNCIL

Guidance Note
on
Interpretation of Policies H1 and H2 :
Affordable Housing
Cotswold District Council
Local Plan 2011-2031
following the introduction of
First Homes

Introduction

- 1.1 In May 2021, the Government released a [Written Ministerial Statement \(WMS\)](#)¹ and [Planning Practice Guidance \(PPG\)](#)² setting out national planning policy for a new affordable housing product called First Homes. The PPG sets out that First Homes meet the definition of affordable housing for planning purposes³.
- 1.2 The WMS and PPG set out the potential for First Homes to be provided through the planning system from **28 June 2021**, before becoming a requirement for planning applications from **28 December 2021** (or **28 March 2022** if there have been significant pre-application discussions).
- 1.3 This note provides interim guidance and will be updated in due course. The guidance note sets out the key information relating to First Homes and how it will relate to the implementation of Policies H1 and H2 and the provision of affordable housing in the adopted [Cotswold District Local Plan 2011-2031 \(the Local Plan\)](#)⁴.

What are First Homes?

- 1.4 First Homes is an affordable home ownership product, intended to offer eligible first-time buyers discounted market sale housing in their local area. The WMS and the PPG set out national criteria in relation to both the dwelling and the purchaser of a First home.
- 1.5 The following criteria must be satisfied in order for a dwelling to qualify as a First Home:
 - The purchase price of the property must be discounted by a minimum of 30% against the market value, and;
 - Once the discount outlined above has been applied, the price at first sale of the property must not exceed £250,000. (*Price cap only applies on the initial sale*).
 - The discount is retained for every future sale and is secured through a S106 agreement.

¹ <https://questions-statements.parliament.uk/written-statements/detail/2021-05-24/hlws48>

² <https://www.gov.uk/guidance/first-homes>

³ As set out in paragraph: 001 Reference ID: 70-001-20210524 of the PPG on First Homes

⁴ <https://www.cotswold.gov.uk/media/k2kjqv3b/cotswold-district-local-plan-2011-2031-adopted-3-august-2018-web-version.pdf>

A First Home must be sold to an individual or individuals who meet the First Homes Eligibility Criteria, as defined below:

- The purchaser (or, if a joint purchase, all the purchasers) must qualify as a first-time buyer, as defined in paragraph 6 of schedule 6ZA of the Finance Act 2003 for the purposes of Stamp Duty Relief for first-time buyers.
- First Homes cannot be sold to any household with a combined annual income above £80,000 in the tax year preceding the year of purchase.
- Any purchaser of a First Home should have a mortgage or a home purchase plan (if such is required to comply with Islamic law) to fund a minimum of 50% of the discounted purchase price.

1.6 The WMS and PPG identify a range of additional local criteria that can be applied to First Homes. Cotswold District Council will consider the potential for adopting a local lower market discount, a lower value cap and a lower household income threshold, through the ongoing [partial update to the Local Plan](#)⁵. This could also include the option to include criteria based on employment status to prioritise Key Workers for First Homes in a local area. The national market discount, value cap and income threshold criteria for First Homes will be implemented until such time as appropriate evidence to support local criteria is available.

Local Eligibility Criteria

1.7 First Homes are designed to allow people to get on the housing ladder in their local area. The PPG states that local authorities can apply local connection criteria to help achieve this ambition. Any local eligibility criteria will only apply for a maximum of 3 months from when a home is first marketed. If a suitable buyer with a local connection has not reserved a home after 3 months, the eligibility criteria will revert to the national criteria.

1.8 The local connection criteria that will apply to First Homes sold in the Cotswold District is set out in Appendix 1. The local connection criteria will apply via a Section 106 Agreement upon the first and every successive sale of a First Home, although the criteria will be lifted after 3 months if the home has not been reserved or sold. A template S106 agreement has been provided by the government.

First Homes discount

1.9 The PPG makes it clear that First Homes should not be physically different from the equivalent market homes in terms of quality and size. Local Plan Policy H2 also

⁵

<https://www.cotswold.gov.uk/planning-and-building/planning-policy/local-plan-update-and-supporting-information/>

requires that any affordable homes are tenure-blind and well integrated into any development.

- 1.10 A First Home must be sold with a discount of at least 30% of the market value; this is the minimum discount and remains the same at each subsequent sale. Developers should obtain a market valuation from a registered valuer acting in an independent capacity, and that valuation should be in accordance with the Royal Institution of Chartered Surveyors (RICS) red-book valuation guidance for new-build homes. When the home is resold in future, the seller should obtain a valuation in the same way in accordance with RICS's guidance.

Interpretation of Policies H1 and H2 to Reflect the Introduction of First Homes Policy

- 1.11 As First Homes are defined as a type of 'affordable housing' for planning purposes, their delivery must be considered within the pre-existing affordable housing requirements of Local Plan Policies H1 (Housing Mix and Tenure to Meet Local Need) and H2 (Affordable Housing).
- 1.12 The WMS details the approach that councils are expected to follow in order to incorporate First Homes into their existing affordable housing requirements. In light of this, it is appropriate to define how Local Plan policies H1 and H2 should be interpreted to ensure compliance with national and local requirements.
- 1.13 Policy H2 seeks a 30% affordable housing contribution on all brownfield sites and 40% on all other sites, which deliver 11 or more dwellings (net). For designated rural areas, all housing developments that provide 6 to 10 new dwellings (net) are required to make a financial contribution by way of a commuted sum. The Council endeavours to achieve an affordable tenure split of 70% rented accommodation and 30% affordable home ownership accommodation, on all developer-led sites eligible for an affordable housing contribution.
- 1.14 First Homes is the Government's preferred discounted market tenure and needs to account for at least 25% of all affordable housing units delivered by developers as part of planning obligations (Section 106 Agreements). In accordance with national policy, a minimum of 25% of all affordable housing units secured through developer contributions should now be First Homes. Therefore, First Homes will be allocated to the first 25% of all affordable housing units secured through developer contributions.
- 1.15 In line with Policy H2, the Council will typically expect that First Homes will account for 25% of affordable housing provision, with rented homes accounting for 70% and the remaining 5% being other subsidised homeownership products (such as shared ownership). An example of how the split might work in practice is set out below:

Example 1: A scheme for 15 dwellings

METHOD	RESULT
40% affordable housing requirement	6 affordable homes
Tenure mix of 25% First Homes, 5% shared ownership or first homes 70% affordable housing for rent	25% = 1.5 First Homes (this would be rounded to 2 units) 5% = no provision for other types of affordable home ownership, such as shared ownership, after accounting for First Homes 70% = 4 affordable rent or social rented homes

Example 2: A scheme for 50 dwellings

METHOD	RESULT
40% affordable housing requirement	20 affordable homes
Tenure mix of 25% First Homes, 5% shared ownership or first homes 70% affordable housing for rent	25% = 5 First Homes 5% = 1 shared ownership or First Home 70% = 14 affordable rent or social rented homes

First Homes Policy Timeframe: The Transitional Period

- 1.16 The national planning policy for First Homes came into effect from 28 June 2021.
- 1.17 The national First Homes policy requirements do not apply in the following circumstances:
 - Sites with full or outline planning permissions already in place or determined (or where a right to appeal against non-determination has arisen) before 28 December 2021; or

- Applications for full or outline planning permission where there has been significant pre-application engagement which are determined before 22 March 2022 (significant pre-application engagement means any substantive discussions between the local planning authority and the applicant relating to the proposed quantity or tenure mix of the affordable housing contribution associated with that application).

1.18 The First Homes requirement does not apply to applications to amend or vary an existing planning permission, unless the amendment or variation in question relates to the proposed quantity or tenure mix of affordable housing for that development.

First Homes and CIL Exemption

1.19 The Community Infrastructure Levy (CIL) Regulations 2010 (as amended) make provisions for charging authorities to give relief or grant exemptions from the levy. These regulations allow developers of First Homes to obtain an exemption from the requirement to pay CIL.

1.20 Mandatory social housing relief can apply in respect of dwellings where the first and subsequent sales are for no more than 70% of their market value. To be eligible, a planning obligation must be entered into prior to the first sale of the dwelling designed to ensure that any subsequent sale of the dwelling is for no more than 70% of its market value. This relief will therefore be available for First Homes. Regulations 49-54 of the Community Infrastructure Levy Regulations (as amended) defines where social housing relief applies.

First Homes Exception Sites

1.21 Under the NPPF, Rural Exception Sites are defined as “Small sites used for affordable housing in perpetuity where sites would not normally be used for housing”

1.22 First Homes exception sites are developments on land which is not already allocated for housing, are adjacent to existing settlements and primarily comprise First Homes. Proposals to deliver First Homes exception sites should be accompanied by evidence that demonstrates that the need for First Homes is not already being met within the local authority’s area.

1.23 First Homes exception sites cannot come forward in areas designated rural areas⁶, such as the Cotswolds Area of Outstanding Natural Beauty (the AONB), or in the Green Belt. The First Homes exception site policy will therefore not apply to the

⁶ **Designated Rural Areas:** These areas were set out in the Housing Act 1985 and are National Parks, Areas of Outstanding Natural Beauty and other areas laid down by the Secretary of State. These areas are important as they provide exemptions from areas of policy such as First Homes.

many parishes in Cotswold District that are within the AONB or the small part of the district that is within the Green Belt.

- 1.24 First Home exception sites should be proportionate in size to the existing settlement and the Council requires proposals for these exception sites to be of an appropriate scale. The size of an exception site will be considered on a case-by-case basis, taking into account the scale proposed in relation to the settlement and need; together with considerations such as the sustainability of the settlement, local services and facilities and other relevant factors. Applicants are encouraged to engage with the Council to discuss their proposals to ensure the site is proportionate before submitting a planning application.
- 1.25 Where local evidence suggests that a significant local need exists for one or more other forms of affordable housing, applicants may alter the proportions of affordable housing to include small quantities of other affordable housing products on First Home exception sites.
- 1.26 First Home exception sites can include a small proportion of market housing, where it can be demonstrated that this is necessary to ensure the overall viability of the site. Proposals containing an element of market housing on viability grounds should be supported by an open book viability assessment. This will need to demonstrate that the proposed number of market dwellings is essential for the successful delivery of the development and is based on reasonable land values as an exception site. There is an expectation that cross-subsidy should not inflate land values. Local Plan Policy H2 provides further guidance on viability assessments.
- 1.27 Where proposals to deliver First Homes exception sites are accompanied by evidence that demonstrates that there is an identified need, the local criteria identified in Appendix A will be required to ensure the proposal delivers the local need for First Homes in the parish in which the First Homes exception site is proposed.

APPENDIX A

1. Local connection criteria for First Homes built in the Cotswold District

To demonstrate a local connection (defined in Part VII of the Housing Act 1996), applicants for First Homes that are built in Cotswold District will:

- **Normally be resident in Cotswold District**
Local Government Association guidelines define this as having resided in the area for six of the last twelve months, or three out of the last five years, where residence has been out of choice; or
- **Work in Cotswold District**
The Local Government Association guidelines define this as employment other than of a casual nature. For the purposes of this policy this will be defined as having had permanent work with a minimum of a 16 hour contract per week for the previous 6 months, and without a break in the period of employment for more than three months; or
- **Have family connections in the Cotswold District**
Reflecting the Local Government Association guidelines this is normally defined as when the applicant for the affordable home, or a member of their household, has parents, adult children or brothers or sisters who have been resident in Cotswold District for at least the last 5 years. Only in exceptional circumstances would the residence of relatives other than those listed above be taken to establish a local connection, but the circumstances may be sufficient and all cases will be considered individually.
- **Armed Forces**
Members of the Armed Forces, the divorced or separated spouse or civil partner of a member of the Armed Forces, the spouse or civil partner of a deceased member of the Armed Forces (if their death was caused wholly or partly by their service) or veterans within five years of leaving the Armed Forces will be exempt from these local connection criteria.

The local connection criteria will be applied every time a First Home is marketed, but will be lifted after 3 months if the home is not sold or reserved.

2. First Homes Exception Site Local Connection Criteria

For First Homes exception sites, the relevant local connections identified above to the Cotswold District are replaced by the requirement for a connection to the parish in which the First Homes exception site is proposed.



Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	CABINET – 4 April 2022
Report Number	AGENDA ITEM 10
Subject	APPROVAL FOR USE OF FUNDS FROM THE CAPITAL PROGRAMME TO INVEST IN THE COUNCIL’S LEISURE FACILITIES
Wards affected	ALL
Accountable member	<p>Clr Jenny Forde Cabinet Member for Health & Wellbeing Email: jenny.forde@cotswold.gov.uk</p>
Accountable officer	<p>Scott Williams Business Manager - Contracts Email: scott.williams@publicagroup.uk</p>
Summary/Purpose	To approve the use of funds in the Capital Programme for the delivery of a Capital Investment project, as detailed in this report and supporting documentation, by SLM Everyone Active (SLM)
Annexes	<p>Annex A – SLM Health & Wellbeing Strategy and Facility Improvement Proposal Annex B – Technogym Equipment Update 2022 Annex C – Technogym Update/Sector Information</p>
Recommendation(s)	<p>That Cabinet recommends to Council:</p> <ul style="list-style-type: none"> a) <i>That SLM is given approval to complete the Capital Investment project.</i> b) <i>That SLM’s proposed Option (1) as set out in Annex A is approved with the remainder of the Capital budget being retained for investment in Leisure Equipment.</i> c) <i>That the authority to approve expenditure of the retained balance of the Capital budget, if Option (1) is supported, is delegated to the Portfolio Holder for Leisure.</i>
Corporate priorities	<ul style="list-style-type: none"> • Delivering our services to the highest standards • Helping residents and communities access the support they need for good health and wellbeing



Key Decision	NO
Exempt	YES – (Annex A contains commercially sensitive information)
Consultees/ Consultation	CLLr Jenny Forde Senior Officers – CDC/Publica Project Team; Pete Williams, Business Development Director SLM Jamie Nesbit, Partnership Manager SLM Dan Carvell, Regional H&F Manager SLM Technogym



I. BACKGROUND

I.1 As part of the Leisure Management Contract with SLM Everyone Active (SLM) a schedule of agreed contributions towards Capital Replacement of Fitness Equipment was included. The investment was scheduled to take place at prescribed time intervals, however, due to the forced closures and disruption of 2020/21 the programme was put on pause until a clearer understanding of the emerging Leisure Sector could be gained following the stabilisation of the Country after the pandemic.

I.2 The table below shows the original schedule for the Capital Investments for fitness equipment.

Year (Contract Year)	Value £?	Who is responsible?	What is the investment for?
2013 (Yr1)	£60,000	SLM	Additional Health & Fitness Equipment (CiLC & BLC)
2015 (Yr3)	£380,000	CDC	Replacement of Health & Fitness equipment project
2015 (Yr3)	£49,000	SLM	Group Cycling & Group Exercise Equipment Replacement (CiLC and BLC)
2019 (Yr7) {Now Scheduled for 2021/22}	£49,000	SLM	Group Cycling & Group Exercise Equipment Replacement (CiLC and BLC)
2020 (Yr8)	£380,000	CDC	Replacement of Health & Fitness equipment project

Note: CiLC – Cirencester Leisure Centre, BLC – Bourton Leisure Centre

2. PROJECT PROPOSAL COST SUMMARY

2.1 The proposal put forward by SLM contains a breakdown of the costs to deliver the project, and also includes 2 options which refer to Chipping Campden as detailed in the table below.

Cirencester Leisure Centre	Cost
Fitness Equipment (includes 5 year warranty)	£207,800
Enabling works (electrical, specialised flooring)	£23,900
Temporary Gym (equipment move, temporary power etc.)	£1,000
Equipment Trade-in	-£15,000



Cafe Furniture/Equipment	£7,000
Total (exc. VAT)	£224,700
Bourton Leisure Centre	Cost
Fitness Equipment (includes 5 year warranty)	£125,000
Enabling works (electrical, specialised flooring)	£18,280
Temporary Gym	£1,000
Equipment Trade-in	-£10,000
Total (exc. VAT)	£134,280
Chipping Campden Leisure Centre	Cost
Option 1 - Refurbish and relocate Equipment from other sites	£5,000
Option 2 - Purchase new Fitness Equipment (includes 5 year warranty)	£40,000
TOTAL CAPITAL INVESTMENT WITH CHIPPING CAMPDEN OPTION 1	£363,980
TOTAL CAPITAL INVESTMENT WITH CHIPPING CAMPDEN OPTION 2	£398,980

3. Project Overview

3.1 Fitness Equipment

3.1.1 The fitness sector is constantly evolving and there is a vast array of equipment types and varieties. There are a few named brands of fitness equipment who have established themselves as leaders in this field, one of these is Technogym - who are the preferred supplier to SLM. Following a full procurement exercise in 2017 SLM have established supplier arrangement with Technogym that allows them to access reduced pricing for equipment due to the scale of purchases made across the company, and also provides support in Design and Installation services for projects.

3.1.2 It should be noted that although this arrangement is in place if particular items of equipment from other manufacturers are specified (for example one of the most popular rowing machines on the market is made by Concept) these items can also be added to the facility mix.

3.2 Local Authority Leisure Sector

3.2.1 The Local Authority leisure centre occupies a challenging sector of the leisure market in that it is within the middle band in terms of cost and audience. There are a number of lower cost operators who have a simpler 'Fitness Warehouse' approach, where little time is given to personalised service but self-serve low cost membership options are available, which is often referred to as the 'Budget Gym' market. There is also a 'Premium Gym'



market which generally focuses on exclusivity, adults only environments, and high end attractions such as laundered towels and therapies/treatments - this offer also holds a premium price for membership and exclusivity of use.

- 3.2.2** The Local Authority offer needs to reflect the broad range of users from many different areas of the District who fit within these two categories. For this reason a variety of equipment, programming, and services is important as well as ensuring that wherever possible flexibility and multi-functionality are considered. All potential user groups need to be considered at the design and planning stage to ensure that a maximum number of residents are able to access the leisure centre.

3.3 Innovation

- 3.3.1** The latest trends in the Fitness market are also a key consideration as user requirements and wishes are reflected in the constantly innovating equipment market.
- 3.3.2** Some of these trends, as well as meeting the demands of conventional Gym usage require thought to be given to the equipment, location, layout, and function of the Gym spaces.

3.4 Inclusion and Accessibility

- 3.4.1** Consideration also needs to be given to the current challenges which Residents face in accessing facilities in the Leisure Facilities. The results from a recent online survey, which was completed by over 1000 residents as part of the Leisure Strategy, highlighted the following:-

Barriers to Participation (Why can't you exercise/use facilities?)

- Not enough time due to work/home/childcare schedules
- Cost
- Lack of convenient and accessible facilities
- No motivation

Encouragement Factors (What Improvements should be made?)

- Improved Facilities
- Improved Cleanliness of Facilities
- Lower Costs
- Ability to Maintain Social Distancing (note. The survey took place during 2020)
- Better Range of Facilities or Equipment
- Better Programming e.g. Classes

4. CONCLUSIONS

- 4.1** It is important that all of the factors included in this report and supporting documentation are considered in the design, planning, and implementation of the Capital Investment Project. This approach will ensure that the project solution proposed, and ultimately delivered by SLM uses both the Council and SLM's agreed Capital Investments to gain the maximum effect. SLM are well placed as a National Operator with numerous accolades, recent successful refurbishment projects, and new developments to shape, design, and deliver a successful project outcome. The proposal for this solution is provided in the 'Health & Wellbeing Strategy and Facility Improvements Proposal' document provided in Annex A



5. FINANCIAL IMPLICATIONS

- 5.1** Funding of up to £380k for the replacement of the fitness equipment is allocated in the Capital Programme. Option 1, estimated at £363,980 falls within this budget allocation and therefore has no impact on the Council's approved capital budget.

6. LEGAL IMPLICATIONS

- 6.1** There are no legal implications arising directly from this Report.

7. RISK ASSESSMENT

- 7.1** There is a risk that the project costs could come in over/under budget. This risk is mitigated as CDC will only accept a recharge of the actual project cost up to the project cost summary.
- 7.2** Should the Capital Project not be supported there is a risk that CDC will suffer reputational damage and that SLM will suffer reputational and business damage as existing equipment continues to age and become less relevant, which will impact on customer usage of the facilities.

8. EQUALITIES IMPACT

- 8.1** This investment will secure a much-needed improvement, enhancing accessibility, flexibility and inclusive services at the facilities through improved programming opportunities due to the new equipment and the implementation of SLM's Health & Wellbeing framework.
- 8.2** The design proposal will meet the 'Inclusive Fitness Initiative' requirements as specified in the Leisure Contract, meaning that customers with mobility and accessibility needs will be catered for.
- 8.3** SLM also have a focus in their 2022/23 promotion strategy to encourage more under 16s to become active by giving each child/young person the opportunity to experience the enjoyment of activity in a safe and inclusive environment.
- 8.4** SLM are also committed under their new company wide Health & Wellbeing Strategy to deliver the following as part of this project:-

'To work collaboratively with Cotswold DC and healthcare partners ensuring that we meet the needs of the local communities and the challenges that they are facing, which have become more prominent since the pandemic. We will be responsive to the changing needs of our communities by providing solutions to tackle health inequalities and lead a movement to support the NHS by increasing physical activity and reducing social isolation.'

9. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS



9.1 New fitness equipment is more energy efficient and design and technological improvements are always being made to help to reduce the power demand for equipment. The new design of the Gym spaces is also focussed on the provision of more Functional Fitness spaces and less reliance on Cardio Machines, which will further reduce power consumption.

10. ALTERNATIVE OPTIONS

10.1 Cabinet could choose to support Option (2) in the Health & Wellbeing report, although this proposal exceeds the Capital Budget for this project.

11. BACKGROUND PAPERS

11.1 The following documents have been identified by the author of the report in accordance with section 100D.5(a) of the Local Government Act 1972 and are listed in accordance with section 100 D.1(a) for inspection by members of the public:

- Annex A – SLM Health & Wellbeing Strategy and Facility Improvement Proposal
- Annex B – Technogym Equipment update 2022
- Annex C – Technogym Update / Sector Information

These documents will be available for inspection at the Council Offices at Trinity Road, Cirencester, GL7 1PX during normal office hours for a period of up to 4 years from the date of the meeting. Please contact democratic services via democratic@cotswold.gov.uk

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Cotswold DC Leisure Management Contract Health and Wellbeing Strategy and Facility Improvements

SLM and Cotswold District Council are working in partnership to enhance the health and wellbeing of the Cotswold communities. This is achieved by the provision of high-quality leisure facilities, with modern equipment, supported by a wide and varied programme of sports, health, leisure and cultural activities, designed to cater for the Cotswold communities.

As a means of maintaining customer experience and ensuring that the service achieves its objectives, the health and fitness equipment is replaced every five years, the costs of which are contractually met by the Council. The health and fitness equipment was last replaced in 2015. The equipment replacement schedule required all health and fitness equipment to be replaced in November 2020, but this was delayed due to the pandemic and the subsequent closure of leisure facilities. Now that the centres are open, SLM and CDC are working together to look at a means of modernising and enhancing the current health and fitness offer, replacing the fitness equipment and extending health and wellbeing service across the community. This is ever more important in order to improve the health of communities.

Since coming out of lockdown and re-opening of services, SLM have developed a new Health and Wellbeing Strategy aligned to the new Sport England Strategy "Uniting the Movement". The pandemic has highlighted the huge importance of leading a healthier and more active lifestyle, and there has never been a more important time to encourage communities to get active in our leisure centres. In doing so, our leisure services can make a significant contribution to the achievement of the Councils health and wellbeing and social value outcomes.

The partnerships health and fitness facilities play a major role in keeping our communities active, and we are now at a stage where investment in new, more inclusive health and fitness equipment is required. Currently, the equipment is outdated for encouraging a more diverse range of people to use the facilities. This is especially important at Cirencester Leisure Centre where there has been growth in health and fitness competition from Puregym, which has led to a decline in membership and participation at Cirencester Leisure Centre.

To enhance the quality of fitness equipment for our residents, and ensuring that participation levels continue to increase, we are now seeking approval for the replacement of equipment at Bourton and Cirencester Leisure Centres. There is also a need to refresh the health and fitness provision at Chipping Camden Leisure Centre. This can be achieved as a result of either:

- Option 1: Refurbishing and relocating some of the equipment from the Cirencester or Bourton facilities and transferring the equipment to Chipping Camden, or,
- Option 2: Purchasing new health and fitness equipment for Chipping Camden.

The cost for option 1 would be £5,000. The cost for option 2 would be £40,000.

The Cotswolds facilities would benefit from enhancement through refurbished, modernised fitness suites and brand-new equipment (44 stations at Bourton, 75 stations at Cirencester). Both centres will benefit from new state of the art equipment with the innovative digital and online programming solutions that this equipment brings.

This will provide enhanced opportunities for residents and will support the achievement of the required outcomes in the Councils new Health and Wellbeing Strategy.

Health and Fitness Equipment

Through the health and fitness suite developments, we will create fresh, modern, inviting fitness areas that will deliver a better-quality customer experience, and provide facilities that will compete with other local health and fitness operators that have moved into the District. These developments, combined with our approach to increased marketing, sales and active communities planning, will enhance the quality of provision and add value to the facilities at this important time of recovery. These improvements will:

- create inspiring, modernised facilities, offering Page 105 value for money in an increasingly competitive Sports and Leisure Management Limited

health and fitness market

- promote healthy lifestyles by encouraging greater levels of participation across a wider range of activities, and
- expand and improve the health and fitness offer to attract new users from specific target groups such as inactive residents, women and girls and people with health conditions.

Equipment Innovation: Due to a rising trend in “functional” fitness training, and a move away from traditional gym equipment (treadmills, rowing machines and stair climbers) the fitness suites have been designed to include more functional training options (using more free weights and benches) and HiiT (High Intensity) training areas, providing greater choice for customers, thereby attracting a wider variety of users.

These new activities increase workout options for people wanting to become active, lose weight, get fit and improve their general well-being. HiiT high Intensity workouts are designed for people who are “time-pressured”, providing a quick and efficient workout for today’s busy society. These workouts have developed over recent years and will enhance the offer at our centres. Functional training equipment helps users to lose weight and increase strength and flexibility for everyday life. There has been a significant move towards functional training in recent years and this will help improve health and wellbeing when introduced in the centres.

We will continue to include cardiovascular equipment, but there is less demand for this type of equipment than there was 10 years ago when this equipment was installed. Importantly, we will also include accessible equipment in order to meet the needs of people with disabilities and specific needs. The equipment will meet the **Inclusive Fitness Initiative** requirements, meaning that customers with mobility and accessibility needs will be catered for.

Technogym Equipment

Our Group Development Director works closely with our suppliers Technogym to ensure fitness equipment delivers an excellent customer experience that meets the ever-changing health and fitness trends.

The new equipment will deliver the following benefits:

- Attractive new look facilities – enabling the “re-launch” of the facilities. This will deliver an increased customer base, leading to increased participation levels
- Inclusive equipment for those living with disabilities of long-term health conditions
- Improvement in functional training areas to attract different users’ groups
- Increased the opportunities for all ages and abilities
- New programming of activities in the fitness spaces
- Provision of new small group training sessions on the functional equipment
- A wider offer for customers of the Exercise Referral Scheme
- Energy efficient equipment, providing a reduction in the centres carbon footprint, and
- A comprehensive warranty ensuring continuity of service for customer and less breakdown events.

The fitness suites will also benefit from a full redecoration of the walls and new floor coverings. New carpets will be laid, and new rubber gym matting will be placed where required to protect the floor surfaces.

Group Exercise Equipment Replacement

Everyone Active will invest in the replacement of new equipment and Group Cycling bikes to enhance the customer experience for members that participate in the Group Exercise Programme. This equipment will be replaced at the same time as the replacement of gym equipment, meaning that customers will benefit from new, enhanced equipment, leading to increased customer satisfaction.

We have recently undertaken similar projects in other fitness suites and provide visual examples of Fareham Leisure Centre to illustrate the quality of finish and the positive environments for health and wellbeing which have been created.



The images below illustrate the new layouts for fitness equipment, showing an increase in resistance and functional equipment, whilst still providing a range of cardiovascular machines – in order to meet adapting trends in health and fitness requirements.

Bourton New Equipment Layout Plan



Cirencester New Equipment Layout Plan

EVERYONE ACTIVE - CIRCENCESTER - CUTAWAY



TECHNOGYM



Example of a recent SLM development resulting in improved performance:

Case Study:

Meadowside Leisure Centre

Location: Burton on Trent, Staffordshire

Client: East Staffordshire Borough Council

Refurbishment: £1.3million

Completion: June 2019

Main Contractor: Calix Leisure



Starting on 1st February 2019, this 10-year contract included the delivery of £1.8m capital development schemes within the first twelve months of the contract.

The works comprised a full refurbishment of Meadowside Leisure Centre and part refurbishment of Uttoxeter Leisure Centre and the creation of a new 35 station fitness suite at Shobnall Leisure Complex.

The scheme at Meadowside Leisure Centre consisted of a major internal redesign and refurbishment of activity spaces with a new 120 station fitness suite, soft play and climbing centre, creating a fantastic activity hub in the town centre.

The investment has ensured that the Council meets its objective of offering value for money services, identified in the Corporate plan. These new and diverse activities have created more opportunities for the residents of East Staffordshire to improve their health and well-being.

Key Outcomes

- 2019/20 participation – 641,357 visits. An Increase of 43,000 on the previous year’s figure
- 3,028 health and fitness memberships - 182% increase
- 1,958 swimming lesson students - 46% increase from the beginning of the contract
- 45,625 visits from local sports club participants
- 10,237 attendances on children’s sport school activities
- 24,860 Everyone Active Card registrations in the first year of the contract
- Provided free access to the facilities for the 58 local sports scholarship winners
- 1,083 free day passes given to local organisations and members of the general public

Participation and Member Growth

Actively promoting and creating awareness of the facilities, activities, and programmes inside the centres and in the wider community will be crucial to the increase in participation and membership growth post Covid.

In line with the latest Sport England Strategy, SLM are working towards “recovery and reinvention” in order to return to the membership and participation levels that were being achieved before Covid. A Group Marketing and Sales Strategy has been developed towards implementing national and local level campaigns to return to the growth that was being achieved prior to March 2020.

The Cotswold Contract Sales Manager will oversee the local sales and marketing plan. The Sales Manager will be supported by a Membership Consultant for the operational delivery and success of the sales plan. The Cotswold sales team will be supported by an Area Sales Manager and the West Region Regional Sales & Business Manager. The Area and Regional Managers will support the local team with training and development and ongoing review of sales performance and reporting measures. A robust reporting system is currently adopted to review sales performance and membership growth against forecasts on a routine

basis (daily, weekly and monthly). A copy of the Sales KPI report will be shared with the Council on a weekly / monthly basis as part of the ongoing review.

Below, we have highlighted the focus areas of our marketing and promotion strategy 2022–2023:

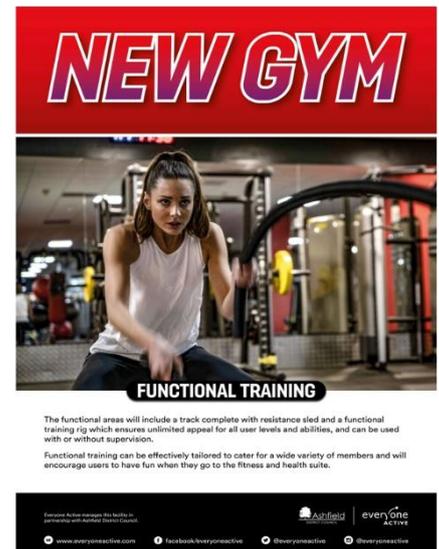
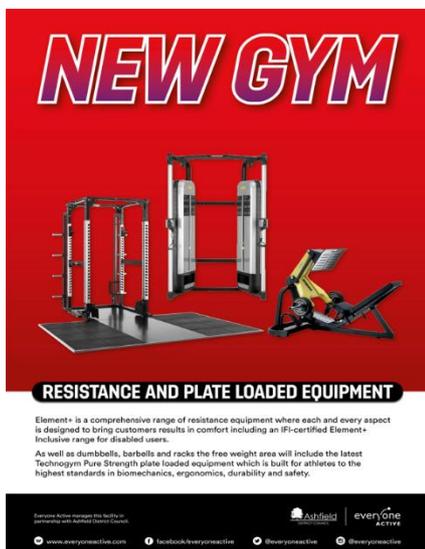
- The primary objective is to recover the fitness and swimming lesson membership bases back to where they were pre-Covid and the opening of competitor Pure Gym. This includes:
 - Regain the members lost during Covid and the opening of Pure Gym
 - Re-engage with our existing members
 - Limit the amount of new leavers
- Encourage customers to make movement, sport and activity central to their lives
- Remove the barriers to exercise
- Encourage customers with disabilities and long-term health conditions to be more active
- Encourage more under 16s to become active by giving each child/young person the opportunity to experience the enjoyment of activity in a safe and inclusive environment
- Increase participation in sports amongst all ages and demographics
- Work in partnership with Cotswold DC to form a unified marketing and communication approach to encourage customers in lower socio-economic groups and inactive communities to be more active
- Increase the value of our membership and online packages to appeal to a wider demographic (long-term health conditions, customers with disabilities, etc.)
- Improve the customer “online” journey, including new at home workout options
- Increase social media presence and engagement
- Remain flexible in our approach and adapt as the World changes



The refurbishment of the fitness facilities will provide the opportunity for a PR and marketing campaign to raise awareness of the Councils and Everyone Active’s investment and the improvements that have been made to the centres as a result. This will help to generate greater awareness of the Centres, stimulate interest and help engage the local populations to get active.

Re-launch of the refurbished facilities

Throughout the refurbishment of the 3 facilities, we will keep customers fully informed with the timescale of works and provide imagery on social media and in centre so they are able to view what the refurbished facilities and new equipment will look like. We will implement our ‘coming soon’ promotional materials to create excitement and stimulate interest in the new facilities, and we will engage with non-members to promote the improvement in quality of the facilities to increase the opportunities for membership growth. Examples of marketing and promotional imagery of a recent refurbishment can be seen below:



The investment in the facilities will help to recover the membership levels back to pre-covid levels as shown in the table below. Since re-opening, membership has increased, but has failed to reach pre-covid figures. The refurbishment of the facilities will help recover the service and grow membership levels as shown below:

Facility	Pre-covid	Current	Forecast
Bourton	822	650	850
Cirencester	2895	1890	3000
Chipping Camden	168	132	198

Re-opening of the Café Facility at Cirencester.

The lockdown and restrictions on re-opening had a detrimental impact on the café at Cirencester Leisure Centre with trade dropping to loss-making levels since re-opening. The café has remained closed as a means of reducing financial losses.

Since restrictions are being removed and consumer confidence growing, we intend to re-open the café service in April 2022. The recruitment of catering colleagues is being undertaken and we intend to re-open the café as soon as fully trained colleagues are in post. Re-opening the cafe will be important in re-instating a social area which can be used by the whole community.

In order to recover the café service and commercial performance, investment in refurbishment of the area with redecoration and the installation of new furniture is required. The café will be re-established as a quality food and beverage offering catering for leisure centre users and visitors in the area. The café area will be further improved with the removal of the radiators that are in front of the pool viewing gallery spectator windows. The removal of these and the addition of additional spectator seating will enhance customer experience, enabling spectators improved viewing experience in this area.

Example image of new café furniture at the Everyone Active Grange Paddocks Leisure Centre



The café will provide opportunities for social gatherings, meetings and health and wellbeing activities throughout the daytime such as community café sessions to help reduce social isolation and improve opportunities for people of all ages to feel safe and welcomed in a community environment. These opportunities will be promoted through the Health and Wellbeing Plan and will be managed by the new Active Communities Manager

In addition to the above, we will:

- promote positive attitudes towards healthy eating with a responsible approach to educating customers.
- link calorific intake to activity levels for a balanced lifestyle with clear labelling

- ensure food and beverage offers are based around healthy options and choices, using this as an opportunity to educate and promote the benefits of healthy eating to our customers
- provide a comprehensive food and drink selection that caters for different groups of customers as well as different dietary requirements
- We will provide areas to relax before, or after using the facility or just as a place for socialising in the local community with groups, clubs, friends or family
- We will review our offering in line with customer feedback and new innovative options for secondary spend to ensure that we remain at the forefront of health and wellbeing in the local community.

Contract Investment Summary

Below, we have provided a breakdown of the proposed investment costs for each facility. It should be noted that the costs below for fitness equipment replacement have been increased (compared to previous quotes supplied in 2021) to make an allowance for inflation. We have recently been notified of a 20-25% increase in costs from our supplier Technogym.

Cirencester Leisure Centre	Cost
Technogym Equipment Replacement (includes warranty)	£200,000
Octane	£4,500
Watt Bike	£3,300
Cabling and Wiring	£9,900
Rubberised Flooring	£14,000
Temporary Gym Removal	£1,000
Gym Equipment trade in	-£15,000
Café Equipment (Seating, tables and servery equipment)	£7,000
Total (excluding vat)	£224,700
Bourton Leisure Centre	Cost
Technogym Equipment Replacement (includes warranty)	£125,000
Cabling and Wiring	£8,280
Rubberised Floor – D2F	£10,000
Temporary Gym Removal	£1,000
Gym Equipment trade in	-£10,000
Total (excluding VAT)	£134,280
Chipping Camden	Cost
Option 1 Equipment re-location from Bourton and Cirencester	5,000
Option 2 Replacement equipment with new Technogym equipment	40,000
Total (excluding vat)	£
TOTAL CAPITAL INVESTMENT WITH CHIPPING CAMDEN OPTION 1	£363,980
TOTAL CAPITAL INVESTMENT WITH CHIPPING CAMDEN OPTION 2	£398,980

Approach to Delivering the Key Authority Outcomes

This investment is crucial to the facilities and communities and is also linked directly to the delivery of the following Council objectives.

- **Delivering our services to the highest standards** – by investing into the facilities, we will deliver an enhanced customer experience through an improved café environment, circulation areas and programmes of activities within the gyms.
- **Responding to the challenges presented by the climate crisis** – new equipment and the enhanced mix/layout will reduce the amount of powered equipment which will help towards the reduction of consumption and our carbon footprint. The new equipment which is powered is also more energy efficient in comparison to the old equipment.
- **Helping residents and communities access the support they need for good health and wellbeing** – customers expect to exercise in bright, clean, well-equipped environments which provide the latest equipment and technology to support their health & wellbeing journey. This investment will secure a much-needed improvement, enhancing accessibility, flexibility and inclusive services at the facilities. Through improved programming opportunities due to the new fitness equipment and the

implementation our Health and Wellbeing framework, we will improve the outcomes of the Cotswold residents. Customers at Cirencester will also be able to relax and socialise in an improved café environment, with the addition of health and wellbeing programmes.

- **Supporting businesses to grow in a green, sustainable manner, and to provide high value jobs**
Improvement in the fitness equipment and new programmes will help reduce levels of inactivity deliver increased participation and improve health and wellbeing.

New Post: Active Communities Manager

To support the achievement of Cotswold DC's Strategic Outcomes and the delivery of a new bespoke Cotswolds Community Wellbeing Plan, we will recruit to and implement a new role of Active Communities Manager in the Cotswolds Contract. The Active Communities Manager will work in partnership with the Councils Health and Wellbeing team focussed on developing partnerships programmes, developing club links, providing and assessing insight, sourcing funding and delivery of programmes.

The Active Communities Manager will be supported by leisure centre colleagues, external instructors and up-skilled, experienced volunteers. Investing in colleagues and local volunteer champions will ensure the links between partners and their strategic objectives will transcend further through the community to ensure a seamless link is created.

Improving Social Value in the Cotswolds

Since January 2013, The Social Value Act requires Council procurement to enhance economic, social and environmental wellbeing. We will be to work with partners in a collaborative way to provide improvements in Health and Wellbeing for the people of the Cotswolds but also wider Social, Economic, Health and Environmental outcomes which will benefit the community through the equipment replacement.

This aligns to Cotswold Councils objectives of 'reducing levels of inactivity and improving the health and wellbeing outcomes of residents. We will create opportunities for:

- Health initiatives to the wider community through outreach programmes
- Local and National Suppliers, both small, medium and large
- Economic development via targeted employment (local people), apprenticeships/training opportunities
- Partnership working and supporting local communities and charitable organisations, and
- Environmental sound practices to minimise our impact on the environment

Working in Partnership to Demonstrate the Social Value Outcomes

Partnership working with Cotswold DC and key stakeholders is crucial in delivering the outcome objectives of the partnership. We will ensure regular dialogue, working closely to develop new partnerships who will utilise the new facilities in order to provide a wider impact from the service.

We will work closely with Council, stakeholders and wider partners to focus on:

- **Sharing resources:** we will develop a joined-up approach to the delivery of community wellbeing
- **Collaboration:** deliver joint marketing, digital communications and PR messages
- **Insight and Research:** conduct/share insights, research to help partners deliver community initiatives
- **Connect with stakeholders:** connect with education, health, social care and housing partners
- **Connect Local Partnerships:** develop engagement with schools, business and voluntary sector
- **Relationship with Public services:** identify public / community facilities /village halls / green spaces to deliver Active Communities and outreach activity
- **Funding support:** support funding applications and grant programmes to provide community increase in community and facility-based activity.

Cotswolds Social Value Calculator: We will utilise the new 4Global and Datahub Social Value reports to demonstrate and evidence the Social Value impacts that we make in the Cotswold District. Using evidence based academic research, undertaken by Sheffield Hallam University and funded by DCMS and Sport England, the Social Value Calculator (SVC) provides the ability to measure and value the impact of sport

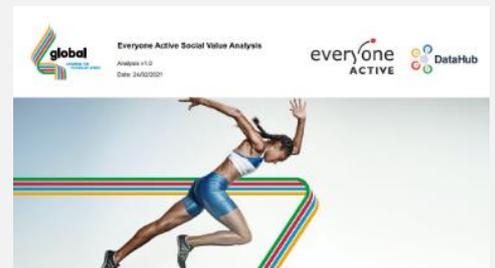
and physical activities we offer. Using our EA card data and sector-wide benchmarks, SVC gives insight to the community savings generated across four key areas;

- **Physical and Mental Health** – generated savings in health and social care costs through the reduced risk of various health conditions thanks to being physically active.
- **Subjective Wellbeing** – generated social value through the increased wellbeing derived from a participant’s engagement in sport using a wellbeing evaluation approach.
- **Individual development** – generated social value through improved educational attainment thanks to physical activity participation.
- **Social and Community development** – generated social value through savings in the criminal justice system costs derived from reduced crime rates in young people and increased social capital derived from enhanced social networks.

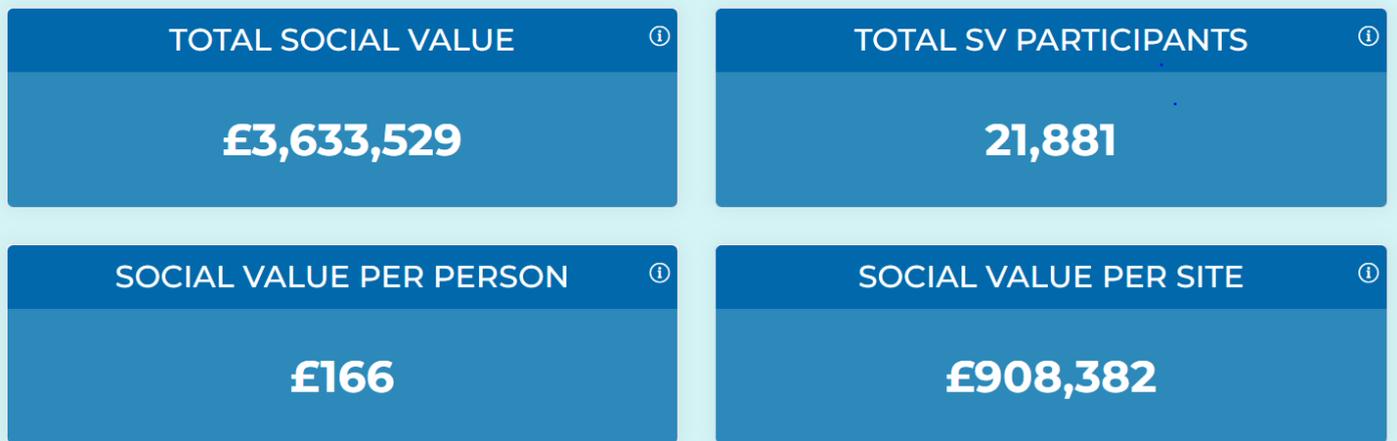
Evidence – Everyone Active Social Value: In 2019/20 Everyone Active generated **£342 million** of Social Value return from activity programmes delivered across England (broken down into 4 key areas below). The report, which can be provided upon request, enables us to filter savings by strategic demographic groups, activity programmes over different time periods, as well as align it with other contextual data such as deprivation, population density and a dynamic activity layer in individual contracts.

Social Value Generated

- Improved health: £52,005,503
- Improved subjective wellbeing: £282,579,808
- Increased educational attainment: £6,876,923
- Reduced crime: £279,972.



This demonstrates how effective Everyone Active facilities are at targeting high value groups that deliver significant community savings: For further information on Datahub / 4Global: <https://vimeo.com/218005570>. Click the following link for more information: [LocalGov.co.uk - Your authority on UK local government - Everyone Active generated £342m in social value](http://LocalGov.co.uk). In April 2019 to March 2020, the **Cotswold** contract generated **£3.6 million** of social return from programme delivery and activity in and outside of the leisure centres.



The fitness suites and associated activities generate £724,663 which equates to 20% of the total value of social value generated across all the facilities. This evidences the importance of the fitness suites and the positive impact they place on people’s lives.

LEISURE CENTRE	CONTRACT	REGION	SOCIAL VALUE (FILTER PERIOD)	SV YOY % CHANGE	PEOPLE COUNT (FILTER PERIOD)	AVG VALUE PER PERSON (FILTER PERIOD)	AVG SV YOY % CHANGE
+ COTSWOLD LEISURE CIRENCESTER	COTSWOLDS CONTRACT	WEST REGION	£2,636,112	-	14,146	£186	+286.64%
+ COTSWOLD LEISURE BOURTON	COTSWOLDS CONTRACT	WEST REGION	£621,827	-	4,352	£143	+259.35%
+ COTSWOLD LEISURE CHIPPING CAMPDEN	COTSWOLDS CONTRACT	WEST REGION	£214,064	-	1,690	£127	+107.77%
+ CORINIUM MUSEUM	COTSWOLDS CONTRACT	WEST REGION	£161,525	-	1,693	£95	+13.39%
GRAND TOTAL	-	-	£3,633,529	+935.65%	21,881	£166	+237.70%

TOTAL SOCIAL VALUE

£724,663

TOTAL SV PARTICIPANTS

4,932

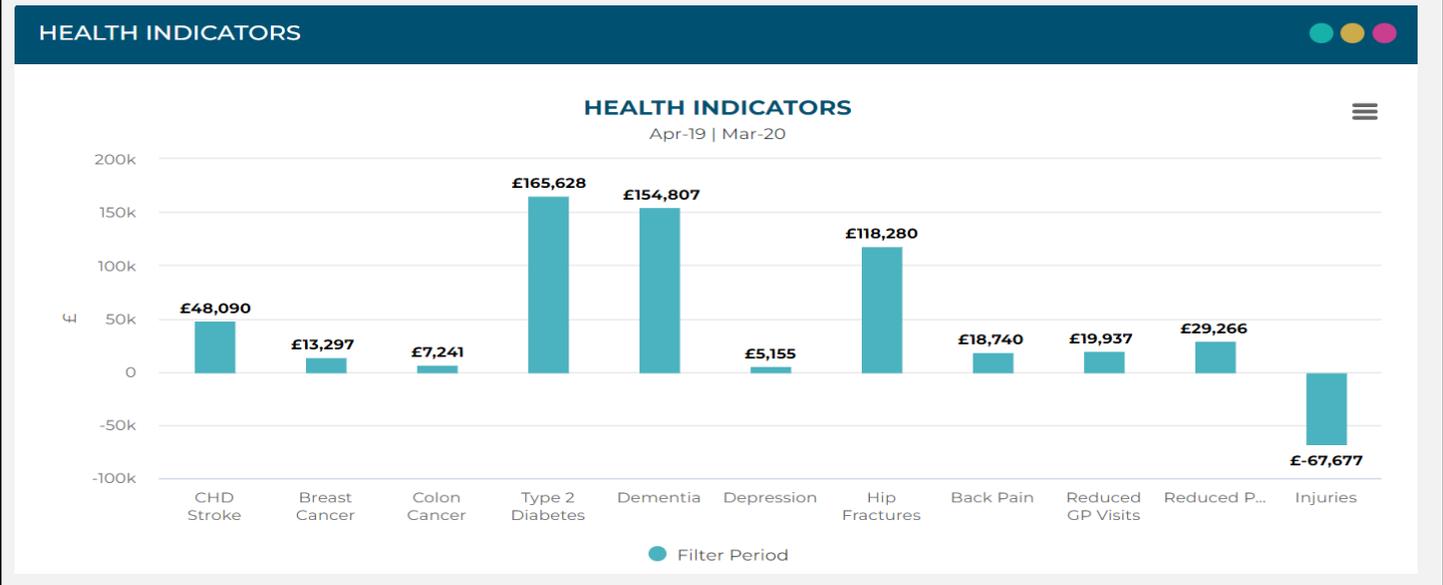
SOCIAL VALUE PER PERSON

£147

SOCIAL VALUE PER SITE

£181,166

Below, we evidence the return in social value for the Cotswolds in 2019-2020 for the four key indicators.



To encourage thriving Cotswold communities, in which our residents are proud to be part of, we will create capacity to deliver programmes that benefit the diverse populations we serve, both inside and outside our facilities. Our health and wellbeing are directly linked to our environments. Poor air quality can have a disproportionate effect on health and wellbeing across our most and least advantaged communities, leading to reduced life expectancy through chronic conditions such as cardiovascular and respiratory disease.

Our Community Wellbeing Strategy focusses on six key themes which are highlighted below. The six key themes show the programmes we will deliver to support the improvement in health, wellbeing and activity in the Cotswolds communities we work within:



Measurement

To effectively assess if we are improving quality of life for residents in the Cotswold communities, we have devised a measurement framework with tools to evidence impacts and outcomes. Quantitative and qualitative data is crucial to provide robust measurement of both individual programmes and our Health and Wellbeing Framework, as a whole. Data will be collected at the commencement, mid-point and completion of each targeted intervention to evaluate effectiveness.

Our outline proposals offer new health and wellbeing solutions that will increase social value and participation of the leisure centres. Investment is essential to ensure that customer experience is enhanced, inactivity levels are tackled, and that customer experience is enhanced.



The Wellness Company

Your Wellness Business Partner



Technogym for

EVERYONE ACTIVE COTSWOLD

Prepared by
Laura Simmonds



The Wellness Company

8/9/2020

Dear Ben Beevers,

Thank you for your interest in Technogym's products and solutions.

Please find enclosed our proposal, which we trust meets your expectations.

In order for this agreement to become binding for both parties, please be reminded that the document must first be signed by you and subsequently confirmed in writing by Technogym.

Should you require any further clarification, please do not hesitate to contact us.

Wellness regards,

Laura Simmonds
Technogym
lsimmonds@technogym.com

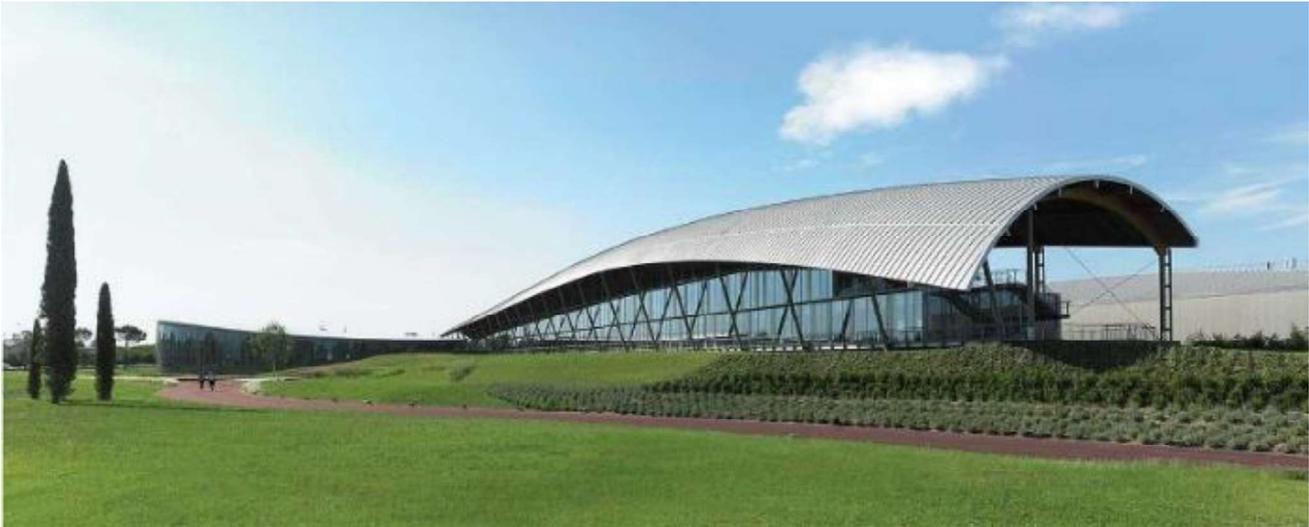
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The Wellness Company

TECHNOGYM - THE WELLNESS COMPANY



Founded in 1983, Technogym is a world leading international supplier of technology and design-driven products and services in the Wellness and Fitness industry. Technogym provides a complete range of cardio, strength and functional equipment alongside a digital cloud-based platform allowing consumers to connect with their personal wellness experience anywhere, both on the equipment and via mobile when outdoors.

With over 2,000 employees and 14 branches in Europe, USA, Asia, Middle East, Australia and South America, Technogym exports 90% of its production to over 100 countries. More than 80,000 Wellness centres and 200,000 private homes in the world are equipped by Technogym. The company was the official supplier to the last 7 editions of the Olympic Games: Sydney 2000, Athens 2004, Turin 2006, Beijing 2008, London 2012, Rio 2016 and PyeongChang 2018.

Discover more: www.technogym.com



The year was 1983, body building's golden era, an era of hedonism. Technogym founder Nerio Alessandri was convinced that physical activity had an even greater value: the sine qua non for a person's wellbeing. Drawn by this intuition, with the help of his brother Pierluigi, he began to design and build innovative equipment inside the family's garage, thus laying the foundations of the Wellness Lifestyle.



The Wellness Company

TECHNOGYM PARTNERSHIP



Technogym has earned a reputation in the world of sport for the exceptional quality, innovative technology and performance of its equipment. This achievement was also made possible thanks to product testing and fine-tuning with Olympic athletes during the last 7 Olympic Games. Over the years, many of the world's leading teams and athletes have chosen Technogym equipment to improve their performance, undertake injury prevention and for rehabilitation purposes.

OLYMPIC GAMES



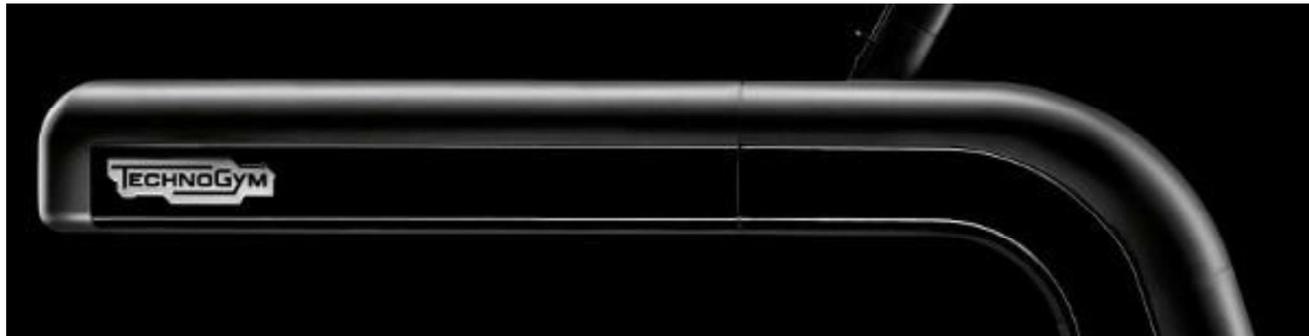
FOOTBALL



FORMULA 1



TECHNOGYM VALUE



EXCELLENT DESIGN

By choosing Technogym equipment, you can benefit from its undisputed quality in terms of functional and aesthetic design, as testified by some of the most prestigious design awards:



ONGOING INNOVATION AND TOTAL QUALITY

Our product portfolio is truly inspired by your business needs. This is the reason why we can offer the widest equipment range in the market featuring groundbreaking innovations that have set new benchmarks in the industry. Discover why our products are different:

- More than **200** products with over **400** international design and technology patents and **129** worldwide family trademarks
- More than **200** engineers, sport doctors, designers and software developers in our R&D Department, and **650,000** hours per year of intense product verification and validation
- ISO 9001** Quality Management System Certificate for product development and manufacturing processes, **ISO 13485** Quality Management System Certificate for Medical Devices, **ISO 14001** Environmental Management System Certificate for sustainable production, **OHSAS18001** Occupational Health & Safety Management System Certificate for employee wellbeing at work
- Product research developed in cooperation with **leading academic and scientific institutions**, such as:



UNIVERSITÀ
DEGLI STUDI
DI PADOVA



GLOBAL REACH

Wherever you are, you can make sure Technogym is at your side to support your needs:

- 14** branches and more than **70** exclusive distributors
- A worldwide community of **40,000** Personal Trainers
- A widespread technical assistance network with more than **1,000** professionals dedicated to supporting our products.

UNA "TOTAL WELLNESS SOLUTION" SU MISURA PER RISPONDERE ALLE TUE ESIGENZE



EQUIPMENT

To offer a complete range of innovative products featuring unique design, and provide training and entertainment solutions to meet the training needs and aspirations of all users.

APPS, DEVICES AND CONTENT

To offer your members a fully-engaging gym experience based on Wellness lifestyle management which helps you run your business more profitably.

PROGRAMMES & EDUCATION

To help you create the very best user experience with a tailored programme training offer based on individual needs, abilities and engagement.

FINANCIAL SERVICES

To provide advice and tailored financing solutions to make your acquisition simple and profitable.

AFTER SALES

To ensure the regular maintenance of your equipment and fast after sales support by means of dedicated service contract.

REMARKETING

To benefit from the highest evaluation of your installed base and make your investment in new Technogym equipment as convenient as possible.

MARKETING SUPPORT & BRANDING

To communicate and market your facility and programmes to attract new customers, retain existing ones and maximise the full the value of your investment.

INTERIOR DESIGN

To inspire people with an attractive and enjoyable environment in which training becomes an experience to savour.



The Wellness Company

TECHNOGYM FOR YOUR BUSINESS: THE BENEFITS THAT MAKE THE DIFFERENCE

MORE ATTRACTION

We offer solutions that help you attract new members through a unique user experience and a host of marketing tools, training concepts, initiatives and needs-oriented programmes.

BETTER RETENTION

We can help you increase member loyalty and maintain excellent customer satisfaction thanks to our advanced Customer Relationship Management tools and unique equipment features.

MOST FAVOURABLE TOTAL COST OF OWNERSHIP

We offer you durable equipment that maintains the highest residual value in the industry over time.

SECONDARY REVENUES

We can help you create new revenue opportunities with dedicated personal and group training solutions and a fully segmented and customised user experience thanks to the mywellness® platform.



TECHNOGYM AFTER SALES

FOCUS ON YOUR BUSINESS

By choosing our best in class service and one of our complete service plan offerings.

Benefits of a service plan:

- Increase equipment uptime
- Extend the life of your investment
- Protect the value of your investment
- Avoid unexpected cost



LOCAL STRUCTURE AND PERFORMANCE



100
Certified Technicians



9
Call Center Agents



5
Regional Service Managers



£4M
In-country Spare parts stock



12
Sec. Phone response time



29,7
Hours time To service



95,7%
First time Fix rate

YOUR LOCAL SERVICE OPERATION

How to request onsite repair:

To report a fault with your Technogym equipment, please log in to the Customer Portal or contact our Service Support team by email or telephone. Please provide us with your customer number (Cxxxxx), the equipment Type or Model, Serial Number and a full description of the fault to help us respond to your request quickly. Photographs may also help us with identifying the nature of the fault your equipment has experienced.

E-Mail: ukservice@technogym.com
Telephone: 01344 823700 (operating hours 09:00 - 17:30, M - F)

How to order spare parts:

To order spare parts for your Technogym equipment, please contact our Service Support team by email, telephone or Fax. Please provide us with your customer number (Cxxxxx), the equipment Type or Model, Serial Number and Spare Part number (if known). Photographs may also help us with identifying the exact parts that you require.

E-Mail: ukparts@technogym.com
Telephone: 01344 300236 (operating hours 09:00 - 17:30, M - F)
Fax: 01344 823701

Service Contracts:

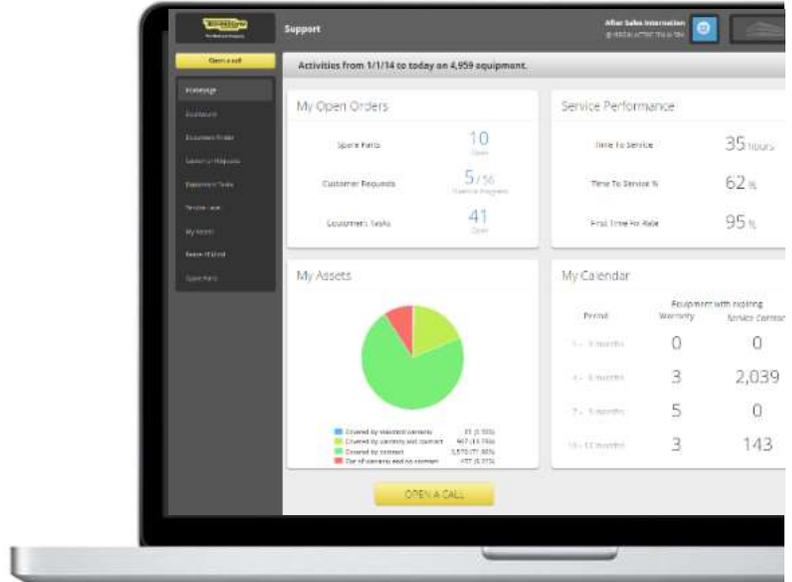
For all enquiries relating to Service Contracts, please contact our Contracts team. Our Contracts Advisors will be pleased to provide more information on the full range of service contracts we are able to offer, to give you peace of mind and the ability to keep your Technogym equipment in full running order.

E-Mail: ukservicecontracts@technogym.com
Telephone: 01344 300236 (operating hours 09:00 - 17:30, M - F)

TECHNOGYM AFTER SALES

TECHNOGYM E-SERVICES

- Create and follow the status of service activities
- Monitor asset usage and service performance metrics
- Monitor and manage equipment status

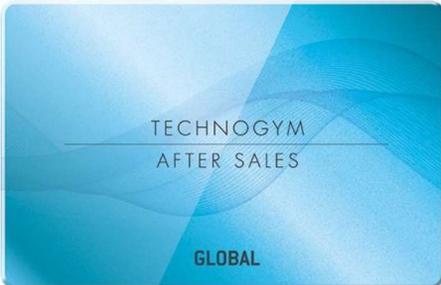


EXCLUSIVELY WITH TECHNOGYM

Protect your investment by using only official Technogym After Sales Services

	TECHNOGYM	OTHER
Genuine parts with 1 year warranty	YES	NO
Certified field service technicians	YES	NO
Complete tracking of service history from day 1	YES	NO
Certified software updates	YES	NO
Integration of assets into online reporting tool	YES	NO
Technical support from factory	YES	NO
Bespoke service plans available	YES	NO

GLOBAL



PREVENTATIVE MAINTENANCE AND REPAIR

Designed to cover maintenance repair service, keeping equipment in top condition while efficiently managing costs.

BENEFITS OF THE SERVICE CONTRACT

PREVENTION

Service visits twice a year

CUSTOMIZED PAYMENT PLANS

Bespoke payment plan
With no surprises

TRANSPARENCY

Set of clear performance indicators with effective reporting available to the Technogym E-Services

COMPLETENESS

Callout, labour and spare parts included



The Wellness Company

Service Contract

Summary of the elements included

Legend:

Standard equipment warranty
 Additional coverage available with the Service Contract
 Chargeable services, not included in the contract

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Preventative maintenance					
Service level agreement					
Travel and labour					
Parts for repair					
Parts subject to wear and tear					

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Preventative maintenance					

- > Two scheduled maintenance visits per year to maintain the equipment in excellent working condition.
- > Immediate repair during your scheduled service visit whenever possible.
- > Additional parts ordered for follow-up visit where necessary.
- > Service certificate issued following the service visit.
- > One maintenance visit only during first year.

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Service level agreement					

- > The service contract extends the provision of the defined response time already included in the warranty, and offers the highest probability of an effective repair.

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Travel and labour					

- > This element covers both travel and labour during contract duration when the standard manufacturer warranty ends.

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Parts for repair					

- > This element covers parts replaced during the contract when the standard manufacturer warranty ends.
- > No limitation on spare parts usage subject to fair usage of the contract*.
- > Genuine Technogym Spare Parts used for all repairs.
- > Covers, casings, aesthetic parts and part subject to wear and tear are excluded.



The Wellness Company

PROPOSAL SUMMARY

CUSTOMER DETAILS

Customer name SPORTS & LEISURE MANAGEMENT LTD
Billing Address 2 WATLING DRIVE HINCKLEY Leicestershire LE10 3EY United Kingdom
Contact Ben Beevers
Telephone 01455890508
VAT Code GB485469690
Fiscal Code
Customer Code AC-088204

DESTINATION DETAILS

Address EVERYONE ACTIVE COTSWOLD CIRENCESTER LEISURE CENTRE
TETBURY ROAD CIRENCESTER JR GL7 1US GB
Customer Code AC-089272

PROPOSAL DETAILS

Technogym Ref. Laura Simmonds
lsimmonds@technogym.com
Ref # Q-00067805 / 0001942741
EVERYONE ACTIVE COTSWOLD - renewal quotes
Expiry Date 07/11/2020

LOGISTIC DETAILS

Pedestrian Zone	No	Drop off point distance to gym (m)	
Floor number of the gym	0	Doors min Dim L x H (cm)	
Suitable lift available	No	Ceiling min. height (cm)	0
Electricity available		Floor protection required	No
Phone contact	01666501086	Site inspection required	NO
Mandatory delivery date	NO	Road constraints	NO

Design of Fitness Centres in the Public sector (author: Technogym)

The design of facilities in the public sector has to accommodate for large variation in membership demographics and needs:

Since 2016 the Worldwide fitness trends – measured by the American Colleges of Sports Medicine (see table 2) has seen the traditional design of Gyms move away from Heavy cardio focused areas to more strength training.

Barring the popular growth of functional training in 2017 this has continued to be surpassed by both male and female members requiring more and more strength training options.

Today the most popular trends of the last 3 years have been around Body Weight training, HIIT and strength training.

This is unsurprising given the large amount of benefits it brings to all types of member demographic – Strength training is vital to:

- Weight loss – increased metabolism
- Bone density and strength
- Injury prevention and recovery
- Open chain daily movement patterns
- Strength improvements
- Body shape
- Posture

With this and the increased prescription of strength training gym design must accommodate:

- Larger free weight areas
- Larger variety of strength training options
- Cable machines
- Floor space
- Designated stretch and functional space

The other key growth area has been in HIIT

Again this is unsurprising given the community aspect to this type of training. Group exercise has always had a loyal following, but HIIT and SGT have moved from these confined areas in studio's and onto the Gym floor.

If the correct mix of equipment is provided to allow HIIT and SGT programming with equipment that is easily accessible then the community environments that have made the boutique studios rise in popularity can be replicated on gym floors.

The programming of these areas is key and can again attract any member demographic type as the point of the session is to drive community and the programming type will dictate the member demographic that will attend. Combine the equipment, good programming and an experience that the group can buy into and successful HIIT and SGT can be delivered on the gym floor.

Link to Technogym Newsroom article:

[Fitness industry: what are the future fitness trends? - Technogym](#)

I have also added some links to the recent developments in the Stratford contract, I think it might be worth saying to the council for them to visit either Stratford or the New Chilterns (layout attached) site when it opens to let them see it the layouts for themselves.

Recent Developments in the Stratford Contract:

[Developments In Stratford - Everyone Active](#)

Agenda Item 11



COTSWOLD
DISTRICT COUNCIL

Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	CABINET – 4th April 2022
Report Number	AGENDA ITEM 11
Subject	£150 Council Tax Rebate and Refugee Hosting Allowance
Wards affected	All
Accountable member	Cllr Mike Evey – Deputy Leader and Cabinet Member with responsibility for Finance Email: mike.evey@cotswold.gov.uk
Accountable officer	Mandy Fathers – Business Manager for Operations and Enabling Email: mandy.fathers@publicagroup.uk
Summary/Purpose	To consider the disregard of the Government’s £150 Council Tax Rebate and the monthly allowance for hosting a Ukrainian Refugee within the assessment of the Local Council Tax Support Scheme
Annexes	None
Recommendation(s)	That Cabinet asks the Chief Executive to take an decision using Urgency Powers to approve: : <i>a) £150 Council Tax Rebate be fully disregarded from the assessment of Council Tax Support;</i> <i>b) That the monthly allowance for Hosting Ukrainian Refugees be fully disregarded’</i> <i>c) Any further incentive payments that support the Ukrainian refugee crisis is also fully disregarded; and</i> <i>d) The 2022/2023 Council Tax Support scheme be amended to reflect these additional disregards</i>
Corporate priorities	<ul style="list-style-type: none"> • Delivering our services to the highest standards • Helping residents and communities access the support they need for good health and wellbeing
Key Decision	NO
Exempt	NO
Consultees/ Consultation	Leader of the Council, Portfolio Holder, Chief Executive and Deputy Chief Executive, Monitoring Officer, Interim Head of Legal Services,



	Finance Business Partner, Group Manager, Director of Finance (Publica)
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BACKGROUND

- 1.1 The Council implemented a local Council Tax Support Scheme on 1 April 2013.
- 1.2 Each year the Council has to decide whether to make changes to its Council Tax Support scheme (CTS) for working age customers. The current scheme was adopted in 2020/2021, with assistance of Stroud and Cotswold District Citizens Advice Bureau and delivered an increase in support to the most vulnerable residents within the District.
- 1.3 On 16 February 2022, the Council approved that the CTS scheme would remain unchanged for 2022/2023 in order for it to continue to support the Council's key priority to help residents and communities access the support they need for good health and wellbeing. The only changes required to the scheme were the annual uplift of allowances (which provides an increase in financial support) and non-dependent deductions.
- 1.4 Since then the Government has published its guidance to Local Authorities on the delivery of the Council Tax Rebate scheme, which would see those households in Council Tax bands A to D and those more vulnerable residents in Council Tax bands E to H receive a payment of up to £150.00 per household.
- 1.5 In its response to the refugee crisis caused by the Russian war on Ukraine, the Government is also considering giving a monthly allowance of £350.00 to households who come forward and host a Ukrainian refugee for a maximum of 6 months.
- 1.6 The Council has responsibility for approving changes to the CTS scheme. As the next meeting of Council is not until 25 May 2022 and the changes proposed in this report need to come in to effect for the whole of the 2022/23 financial year, it is proposed that the Chief Executive takes a decision using the Council's Urgency Powers. This will enable CTS applications to be processed under the revised CTS scheme from mid-April.

2. MAIN POINTS

- 2.1 The Council's CTS scheme is based on income bands with certain disregards on some income, such as child maintenance payments and disability payments. This means that these payments are totally disregarded when assessing a household's income.
- 2.2 Other income not already allocated within the 'disregarded group' in the CTS scheme would qualify as 'income' and be considered when calculating a person's income assessment.
- 2.3 The £150 Council Tax Rebate is currently not disregarded. However, for other statutory benefit schemes; such as Housing Benefit, it will be treated as a local welfare provision and disregarded in full within any calculation. The Department for Work and Pensions will enact legislation to ensure payments are also fully disregarded within the calculation of Universal Credit.

- 2.4 A one off payment of £150.00 could result in households moving into a higher income band and therefore being charged a higher level of Council Tax for a one-month period.
- 2.5 The intention of this additional financial support is to assist households with their energy bills and not penalise them through a reduction of benefits and/or support, such as CTS.
- 2.6 Should the Government implement a scheme to award a monthly payment to households who host a Ukrainian refugee; and that household is in receipt of CTS, the current CTS scheme would not allow this award to be disregarded.
- 2.7 The additional payment would significantly increase a household's income, which would result in a higher income band for the assessment of CTS; and in some cases move the household off CTS altogether.
- 2.8 The intention of this additional financial support will be to host Ukrainians, to support the refugee crisis and be by way of a 'thank-you' for doing so from Government.
- 2.9 Therefore, a slight amendment is required to the Council's 2022/2023 CTS scheme to ensure that both payments are fully disregarded in the assessment of CTS claims and that any further incentive payments that support the Ukrainian refugee crisis is also fully disregarded from the assessment of CTS.

3. FINANCIAL IMPLICATIONS

- 3.1 There will be no financial impact on the Collection Fund or the Council's General Fund as the cost of the 2022/23 CTS scheme was estimated excluding additional applicant income from the Council Tax Rebate or financial support for Ukrainian host households.

4. LEGAL IMPLICATIONS

- 4.1 The Welfare Reform Act 2012 abolished Council Tax Benefit and instead required each authority to design a scheme specifying the reductions, which are to apply to amounts of Council Tax.
- 4.2 The Local Council Tax Support Scheme is required under Section 13A of the Local Government Finance Act 1992 ("the Act"), as amended. The Act states that, for each financial year, Billing Authorities must consider whether to revise their CTS scheme or replace it with another scheme. The prescribed Regulations set out the matters that must be included in such a scheme. Before making any changes, under Section 40 of the Act, the Council must:
 - Consult with any major precepting authorities
 - Publish the draft scheme



- Consult other parties likely to have an interest in the scheme.

- 4.3** The deadline for making decisions is 11 March in the financial year preceding that for which the revision or replacement scheme is to take effect (under paragraph 5, schedule 1A of the Act).
- 4.4** This is a small change to the Council's CTS scheme that will not negatively affect its collection fund or its residents. As such, a full consultation would therefore not be a legal requirement.

5. RISK ASSESSMENT

- 5.1** Failure to disregard the £150 Council Tax Rebate or the hosting allowance within the Council's CTS scheme will impact negatively on the residents of Cotswold District and not support the Government's incentive of helping households with rising energy bills or with the refugee crisis.

6. EQUALITIES IMPACT

- 6.1** There are no unacceptable adverse effects on the protected characteristics covered by the Equalities Act 2010 that have been identified.

7. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

- 7.1** None

8. ALTERNATIVE OPTIONS

- 8.1** The Cabinet could decide not to proposed any changes to the CTS scheme.

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