

# Public Document Pack

## NORTH HERTFORDSHIRE DISTRICT COUNCIL

### CABINET

**TUESDAY, 25TH JUNE, 2024**

### **SUPPLEMENTARY AGENDA**

Please find attached supplementary papers relating to the above meeting, as follows:

**Agenda No    Item**

6.            **ITEMS REFERRED FROM OTHER COMMITTEES** (Pages 3 - 18)
- 6A)        Overview and Scrutiny Committee – Q4 Update on the Council Delivery Plan – **to be considered with Item 7.**
- 6E)        Overview and Scrutiny Committee – Key Performance Indicators – **to be considered with Item 11.**
- 6H)        Overview and Scrutiny Committee – Leisure Investment Options – Part 1 – **to be considered with Item 15.**
- 6F)        Overview and Scrutiny Committee – Leisure Investment Options – Part 2 - **to be considered with Item 14.**

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<b>Item No</b>	<b>Referred from:</b>	<b>OVERVIEW &amp; SCRUTINY COMMITTEE</b>
<b>6A</b>	<b>Date:</b>	<b>18 JUNE 2024</b>
	<b>Title of item:</b>	<b>Q4 COUNCIL DELIVERY PLAN UPDATE</b>
<b>To be considered alongside agenda item:</b>		<b>AGENDA ITEM 7</b>

The report considered by Overview and Scrutiny Committee at the meeting held on 18 June 2024 can be viewed here: [Agenda for Overview and Scrutiny Committee on Tuesday, 18th June, 2024, 7.30 pm | North Herts Council \(north-herts.gov.uk\)](#).

**RECOMMENDATION TO CABINET:** That Cabinet:

- (1) Notes the progress against Council projects as set out in the Council Delivery Plan (Appendix A) including new milestones and changes to milestone dates.
- (2) Note the completion in Q4 of the projects detailed in paragraph 8.5.

**REASON FOR RECOMMENDATIONS:**

- (1) The Council Delivery Plan (CDP) monitoring reports provide Overview and Scrutiny, and Cabinet, with an opportunity to monitor progress against the key Council projects, and understand any new issues, risks, or opportunities.

*Audio recording – 2 hours 29 minutes 59 seconds*

The Service Director – Resources presented the report entitled ‘Q4 Council Delivery Plan Update’ and highlighted:

- That the plan had been refreshed for this Civic Year (2024/25) to reduce the number of reported projects contained within it and would allow for Members to focus on the key projects.
- There were 27 key projects in total on the plan, with details provided on progress made and the performance of that project.
- These reports would be received quarterly by Overview and Scrutiny Committee for regular monitoring and would seek comments from Members for consideration at Cabinet.
- Members could request specific projects to be included in the quarterly updates presented.
- Members could also ask questions on items that were not prioritised on the plan.

The following Members asked questions:

- Councillor Elizabeth Dennis
- Councillor Matt Barnes
- Councillor Ralph Muncer

In response to questions, the Services Director – Resources advised that:

- The waste depot lease needed to be signed. There would be plans around further waste depots, but that was not needed imminently. It would be needed as the population increased further.

- Focus was to be kept on key projects. 27 projects was thought to be too many.
- The delivery plan would be changed over time, together with the prioritisation tool for reviewing items on the plan. It should focus on key projects.
- A full annual review would take place, together with quarterly reports with what was on the plan and whether it was fit for purpose and met the relevant criteria.

In response to questions, the Executive Member for Finance and IT advised that:

- The project for Charnwood may not come via the Overview and Scrutiny Committee before going to cabinet. The Service Director - Enterprise and Service Director - Resources would confirm this and work with the Chair of Scrutiny and the Scrutiny Officer on this.

Councillor Matt Barnes proposed and Councillor Tom Tyson seconded and, following a vote, it was:

**RESOLVED:** That Overview and Scrutiny Committee determined any project that they want to receive more detail on as part of the next monitoring report.

**RECOMMENDED TO CABINET:** That Cabinet:

- (1) Notes the progress against Council projects as set out in the Council Delivery Plan (Appendix A) including new milestones and changes to milestone dates.
- (2) Note the completion in Q4 of the projects detailed in paragraph 8.5.

**REASON FOR RECOMMENDATIONS:**

- (1) The Council Delivery Plan (CDP) monitoring reports provide Overview and Scrutiny, and Cabinet, with an opportunity to monitor progress against the key Council projects, and understand any new issues, risks, or opportunities.

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<b>6E</b>	<b>Date:</b>	<b>18 JUNE 2024</b>
	<b>Title of item:</b>	<b>KEY PERFORMANCE INDICATORS 2024/25</b>
<b>To be considered alongside agenda item:</b>		<b>AGENDA ITEM 11</b>

The report considered by Overview and Scrutiny Committee at the meeting held on 18 June 2024 can be viewed here: [Agenda for Overview and Scrutiny Committee on Tuesday, 18th June, 2024, 7.30 pm | North Herts Council \(north-herts.gov.uk\)](#).

**RECOMMENDED TO CABINET:** That Cabinet:

- (1) Adopt the performance indicators set out in paragraph 8.3 for 2024/25.
- (2) Consider adding Key Performance Indicators regarding performance of third party suppliers and staff satisfaction.
- (3) Agree that Key Performance Indicators are published to the Members Information Service when provided to Cabinet.

**REASONS FOR RECOMMENDATIONS:** The Council had tried to move towards having indicators that were focused on our key projects. However, it was found that these do not generally give the level of Council oversight that Members would want. Therefore, these performance indicators are proposed to give that view of overall performance.

*Audio Recording – 2 hours 42 minutes and 27 seconds*

The Service Director – Resources presented the report entitled ‘Key Performance indicators 2024/25’ and advised that:

- This was a further evolution of the reporting of performance indicators, following previous changes which had been made and feedback received on these.
- Key indicators were provided across a wide range of areas to help support the scrutiny committee, and Cabinet, to monitor how the Council was performing and that any issues were able to be picked up at an early stage.
- Targets were measurable and meaningful and were indicated in red, amber and green.
- The proposed indicators were outlined at paragraph 8.3 of the report and these would be reported to the Committee on a quarterly basis, with supplementary detail provided in the 3Cs reports provided on a half-yearly basis.
- Staffing was included as this was an important part of the Council and monitoring of this would relate to both staff wellbeing as employees, as well as the retention and recruitment of staff.
- Two identified risks relating to Financial and Environmental Sustainability had been identified and included within the report for monitoring. More detail on the Financial Sustainability would be provided to the Finance, Audit and Risk Committee.
- Key areas of Service Delivery had been identified and included where relevant and meaningful indicators were available.

The following Members asked questions:

- Councillor Donna Wright
- Councillor Jon Clayden
- Councillor Claire Winchester
- Councillor Matt Barnes

In response to questions, the Service Director – Resources advised that:

- Quantitative reporting could be provided in future to add context to some of the areas being monitored, but these would not be as frequently available as the quantitative data provided on a quarterly basis. This would also include any staff surveys which had taken place.
- Benchmarking against other authorities could be introduced, but there were often local issues which impacted on different rates across local authorities.
- Short term sickness leave for staff could be benchmarked, and previously this figure had been around 3.5 days. It was more difficult to benchmark long term absences, as these were usually due to specific illness.
- Providing corporate context to the performance indicators (i.e. what Council priority they impact) could be introduced for future reports.
- Key Performance Indicators monitoring could be provided in the Members Information Service publication and would also be included on the Ideagen platform.
- Many areas were contracted out to third parties, including leisure and waste services, and therefore monitoring was completed by the contract holders. It would need to be discussed with the relevant services areas as to whether further information could be included.

The following Members took part in debate:

- Councillor Daniel Wright-Mason

Points raised in debate included:

- The recruitment and retention of staff, as well as their wellbeing at work, was important to monitor regularly.

Councillor Matt Barnes proposed that the recommendations be amended to include a request to consider including performance indicators from third party suppliers in future reporting and that the Key Performance Indicators be included in Members Information Service publication, once made available for Cabinet. Following a vote, this amendment was accepted.

Councillor Matt Barnes proposed, as amended, and Councillor Tom Tyson seconded and, following a vote, it was:

**RECOMMENDED TO CABINET:** That Cabinet

- (1) Adopt the performance indicators set out in paragraph 8.3 for 2024/25.
- (2) Consider adding Key Performance Indicators regarding performance a third party suppliers and staff satisfaction.
- (3) Agree that Key Performance Indicators are published to the Members Information Service when provided to Cabinet.

**REASONS FOR RECOMMENDATIONS:** The Council had tried to move towards having indicators that were focused on our key projects. However, it was found that these do not generally give the level of Council oversight that Members would want. Therefore, these performance indicators are proposed to give that view of overall performance.

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<b>Item No</b>	<b>Referred from:</b>	<b>OVERVIEW &amp; SCRUTINY COMMITTEE</b>
<b>6H</b>	<b>Date:</b>	<b>18 JUNE 2024</b>
	<b>Title of item:</b>	<b>LEISURE INVESTMENT OPTIONS – PART 1</b>
<b>To be considered alongside agenda item:</b>		<b>AGENDA ITEM 15</b>

The report considered by Overview and Scrutiny Committee at the meeting held on 18 June 2024 can be viewed here: [Agenda for Overview and Scrutiny Committee on Tuesday, 18th June, 2024, 7.30 pm | North Herts Council \(north-herts.gov.uk\)](#).

**RECOMMENDATIONS TO CABINET:** That Cabinet takes into account the matters set out in the Part 2 report when reaching the following decisions:

- (1) That Cabinet agree in principle to terminate the Combined Heat and Power Centrica contracts at North Herts Leisure Centre (NHLC) and Hitchin Swimming and Fitness Centre (HSFC) at the appropriate time during the PSDS project and recommend to Council as per 2.6 below regarding the termination fee.
- (2) That Cabinet expresses its profound disappointment at the position taken by Centrica over the cost of the CHP contract termination, given the company's stated position as "Energising a greener, fairer future" and requests that the Council continues to raise, and seek solutions to, the issue of long-term inflexible agreements for gas CHPs with Salix and Government, which will inevitably prevent many public sector organisations from achieving their net zero ambitions.
- (3) That Cabinet does not approve the business case for Royston Leisure Centre Learner Pool at this time due to matters identified in the part 2 report.
- (4) That the Project Board keep business case under review and meaningful and legitimate work to explore all funding options is undertaken for Royston learner pool.

That Cabinet recommends to Council:

- (5) an increase in capital expenditure of £2.4m into the capital programme for the decarbonisation work to the three leisure centres. The overall budget will be profiled across 2024/25 and 2025/26
- (6) an increase in the capital budget of £250k for the Royston Leisure Centre (RLC) gym extension, to ensure the extension is built to net zero carbon standards.
- (7) approval of revenue expenditure of up to £757k for termination and removal fees of the gas CHPs at North Herts Leisure Centre and Hitchin Fitness and Swimming Centre. This would be funded from General Fund reserves.

**REASONS FOR RECOMMENDATIONS:**

- (1) North Herts Council passed a climate emergency motion in May 2019. This declaration asserted the council's commitment toward climate action beyond current government targets and international agreements. This is currently pursued through the North Herts Climate Change Strategy 2022-2027 which sets out what the council will aim to do to reduce its own carbon emissions to achieve Carbon Neutrality for the Council's own operations by 2030 and a Net Zero Carbon district by 2040.
- (2) Gas use from our leisure centres is a significant contributor towards the Council's own emissions. In 2022-23, gas use across the three leisure centres accounted for 1,428 tonnes CO<sub>2</sub>e. This equates to 45% of the Council's Scope 1-3 emissions. Taking action to replace gas heating for our leisure centres with low carbon alternatives is the single most effective action we can take towards meeting our target of being carbon neutral by 2030.
- (3) There is currently a capital allocation in the 2024/25 budget to build a gym extension and learner pool (subject to business case) at Royston Leisure Centre.
- (4) During the procurement for the leisure and active communities contract, the Council committed to deliver the gym extension project which is incorporated in to the contractual management fee. The initial tender stage returns showed that extension would generate additional income of at least £150k per year, and subject to inflationary increases. The latest estimate is that the capital costs will be £1.25m. This is an increase from the initial estimate of £1m and includes making the extension net-zero. The income generated will still exceed the revenue cost of capital (at around £90k per year), but in line with the financial regulation the increased capital spend needs to be approved by Cabinet.
- (5) The business case for the learner pool has not yet been agreed and is included in the Part 2 report.

*Audio recording: 50 minutes and 50 seconds*

The Chair introduced the item and reminded Members that confidential questions should have been asked in Part 2 and to be mindful of questions put in this public session. The Executive Member for Environment, Leisure and Green Spaces confirmed he had no further update from the Part 2 presentation.

The following Members asked questions:

- Councillor Ralph Muncer
- Councillor Martin Prescott
- Councillor Daniel Wright – Mason
- Councillor Tom Tyson
- Councillor Jon Clayden
- Councillor Matt Barnes

In response to questions the Service Director - Place advised that:

- There was a very short time window for the decarbonisation scheme application, which required high level information on heat decarbonisation proposals.. The plans for the sites were produced but did not include the technical feasibility at the application stage. To have carried out the surveys and feasibility prior to submitting the application would have committed the Council to spending money before confirmation of grant funding. The issues identified in the feasibility studies showed what was optimal for the leisure centres, with practical possibilities, but an increase in costs.
- Initial plans were to insulate the underside of all the roofs in all 3 centres. Condensation prevented this from going ahead, as well as needing to close the pool facilities for up to 8 weeks whilst scaffolding was used.
- Insulation will be on the outside of the roofs. Whilst there may be minor disruptions, this will prevent long closures of the leisure centres.
- An additional cost will be for temporary plant to be introduced whilst heat pumps are installed, to minimize disruption at the centres.
- Everyone Active have a clause in their contract regarding the liability for loss of income being on the council due to any disruption, however it is hoped that the programme proposed will minimize that risk.
- There will be effective communications with residents about the works, possible disruptions and their options at accessing leisure facilities in the area.
- The council chose to appoint Willmot Dixon for the initial stages through the scape framework, via the Regional Major Works Construction Framework. There was no requirement for the Council to go outside that, as the scape framework had been fully tested.
- Differences in maintenance costs between heat pumps and gas boilers would be sourced and provided to members.
- It was noted there is a £757,000 penalty clause for this contract. This will decrease over the life of the contract with Centrica, with the agreement up until 2035. This figure will be slightly less as heat pumps will not be installed by March 2025. Attempts were made by the Council to negotiate on the termination costs with Centrica. There was no movement on this.
- Grant conditions were that this needs to be spent by March 2026, with it also being front loaded for spending in 2024/25. This decision was made to make sure of no issues with the delivery of the Air Source Heat pumps and solar pv panels.
- There was no option to have a phased approach with this project outside of the timeline given by Salix, unless it was carried out without the £7.7m grant and funded through the Council own capital.
- The Council can afford this project. It was clear there would need to be a review of the wider capital program as there were priorities to be made. It was for Cabinet to decide whether the learner pool goes ahead at this stage, but not to lose sight of this should it not be agreed.
- If the boilers at all three leisure centres had to be replaced if the project didn't go ahead, the costs would be £200,000 for each site.
- The project provides a co2 reduction of over 60% of total emissions across the three sites. North Herts Leisure Centre gas boilers for the learner pool are too new to qualify for funding.
- The gas boilers at the outdoor pools at Hitchin Swim Centre and Letchworth Lido are too new to qualify for funding. Gas boilers would ultimately need to be replaced with Low carbon alternatives once they reach end of life, if we are to meet the council's net zero carbon goals.
- Other projects will arise, but these will come up when the boilers are end of life and dependent on the Councils priorities at the time.

In response to questions the Service Director - Resources advised that:

- The learner pool at Royston Leisure Centre could remain under review.
- The project could be left in the capital programme.
- The possibility of the learner pool project being deferred to a later date could enable a full tender process and there is a possibility that it lead to a more competitive price, which could reduce the costs of the project. Interest rates may also come down.
- The council can borrow to fund capital expenditure, but this will come with interest costs. A Minimum Revenue Provision charge also has to be made.

Councillor Matt Barnes proposed and Councillor Tom Tyson seconded.

Councillor Elizabeth Dennis raised an amendment to recommendation 2.3 and the wording:

- It was felt there were serious questions to do with the identification of possible external funding options for the learner pool at Royston, a facility that residents valued.
- The Council had passed a motion to regard health impacts to residents on all decisions. This felt that the Council was missing out on a key health opportunity and also to save and invest for the future.
- It was clear there were significant budget gaps, with the delivery of the learner pool and what the Council can recover.
- The budget line had been agreed for the facility, giving residents false hope for much needed swimming facilities.

Councillor Elizabeth Dennis proposed that recommendation 2.3 be amended to reject the removal of the capital budget for the Royston Learner Pool from the capital programme and an additional recommendation that the Royston Learner Pool be kept under review and to explore other funding options. This was seconded by Councillor Martin Prescott.

The following Members took part in debate on the amendment:

- Councillor Jon Clayden
- Councillor Martin Prescott
- Councillor Ralph Muncer
- Councillor Elizabeth Dennis
- Councillor Matt Barnes
- Councillor Claire Winchester
- Councillor Tom Tyson

Points raised during the debate included:

- If the budget line allocation is left in the capital budget, that will assume the council will spend that capital money, there will then be interest charges associated, spreading the charge over the life of the asset. Leaving cost in the revenue budget, increasing the budget gap, and savings will need to be made to offset this.
- Concerns were over a question of financial viability of the learner pool. This has health and social benefits but equally decisions need to be affordable. At this time, it was felt it would be unaffordable. It was felt not appropriate to keep the 2.5M in the capital program and needs to be re-allocated. In future budgets may be stretched elsewhere and the money would not be available.

- The current business case does not stack up on a financial basis. This should be kept under review and different revenue streams should be sought out. This could be a future project to generate more revenue and income.
- Councillors to consider “more pressured” or “more needy” projects when considering budget lines.
- That following comments by other Members, the amendment made would not be re-amended.
- There is no need to change any increase in spending made by cabinet. The revenue budget will offset the capital spend.
- The revised recommendation will be for Cabinet to decide on and take any impact, amendments or adjustments in other areas.
- The recommendation involves significant costs and some members were not satisfied that all funding opportunities for the learner pool had been explored.
- It was pointed out that this was not the provision of a new facility but an extension of a current facility and childrens swimming lessons will still go ahead in Royston if this project does not go ahead. The learner pool will also be for members of the public with special needs.
- It was felt difficult to make a decision on this, when possible sacrifices to be made in the future were unknown. However, it was hoped that Cabinet would look carefully at ways to fund this.

The amendment was proposed and seconded and, following a vote, it was:

Amendment to 2.3 – vote carried

Additional recommendation 2.4 – vote carried

The following Members took part in the debate on the substantive motion:

- Councillor Ralph Muncer
- Councillor Matt Barnes
- Councillor Jon Clayden

Points raised during the debate included:

- The increase in capital expenditure of £2.4m into the capital programme for the decarbonisation work should be recommended to Cabinet and hopefully recommended to Council. No guarantee that there will be a future scheme of a similar nature. The Council cannot complete the costs for the decarbonation project without funding to avoid budget cuts and unsustainable levels of borrowing.
- It was normal to have penalty clauses in contracts, however this must be recommended to Cabinet, otherwise this has an implication on the terms of the grant.
- The increase in the capital budget of £250k for the Royston Leisure Centre (RLC) gym extension. There was a clear business case for this to make the Council more revenue.
- Financial implications for the decarbonisation scheme were significant with the risk unable to reduce. It was felt a gamble with future energy prices, but also there would be no future access to funding available now. To enable the Councils target of Net zero by 2030, this was felt the biggest single contribution to provide.
- It was felt not to be an ideal time to be making decisions with significant unknown future risks. It was unsure of future government positions on net zero targets.

Having been proposed and seconded, the substantive motion, as amended, was voted on, following which it was:

**RECOMMENDED TO CABINET:** That Cabinet takes into account the matters set out in the Part 2 report when reaching the following decisions:

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- (2) That Cabinet expresses its profound disappointment at the position taken by Centrica over the cost of the CHP contract termination, given the company's stated position as "Energising a greener, fairer future" and requests that the Council continues to raise, and seek solutions to, the issue of long-term inflexible agreements for gas CHPs with Salix and Government, which will inevitably prevent many public sector organisations from achieving their net zero ambitions.
- (3) That Cabinet does not approve the business case for Royston Leisure Centre Learner Pool at this time due to matters identified in the part 2 report.
- (4) That the Project Board keep business case under review and meaningful and legitimate work to explore all funding options is undertaken for Royston learner pool.

That Cabinet recommends to Council:

- (5) an increase in capital expenditure of £2.4m into the capital programme for the decarbonisation work to the three leisure centres. The overall budget will be profiled across 2024/25 and 2025/26
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**REASONS FOR RECOMMENDATIONS:**

- (1) North Herts Council passed a climate emergency motion in May 2019. This declaration asserted the council's commitment toward climate action beyond current government targets and international agreements. This is currently pursued through the North Herts Climate Change Strategy 2022-2027 which sets out what the council will aim to do to reduce its own carbon emissions to achieve Carbon Neutrality for the Council's own operations by 2030 and a Net Zero Carbon district by 2040.
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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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