

Public Document Pack

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Your Ref.
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To: Members of the Cabinet:

Councillor Lynda Needham, Leader of the Council (Chairman)
Councillor Julian Cunningham, Executive Member for Finance and IT & Deputy Leader of the Council (Vice-Chairman)
Councillor Jane Gray, Executive Member for Leisure
Councillor Tony Hunter, Executive Member for Community Engagement and Rural Affairs
Councillor David Levett, Executive Member for Planning and Enterprise
Councillor Bernard Lovewell, Executive Member for Housing and Environmental Health
Councillor Ray Shakespeare-Smith, Executive Member for Policy, Transport and Green Issues
Councillor Michael Weeks, Executive Member for Waste Management, Recycling and Environment

You are invited to attend a

MEETING OF THE CABINET

to be held in the

**LOWER HALL, ICKNIELD CENTRE, ICKNIELD WAY,
LETCWORTH GARDEN CITY**

on

TUESDAY, 13TH JUNE, 2017 AT 7.30 PM

Yours sincerely,



David Miley
Democratic Services Manager

Agenda **Part I**

Item	Page
1. APOLOGIES FOR ABSENCE	
2. MINUTES - 28 MARCH 2017 To take as read and approve as a true record the Minutes of the meeting of Cabinet held on 28 March 2017.	(Pages 1 - 16)
3. NOTIFICATION OF OTHER BUSINESS Members should notify the Chairman of other business that they wish to be discussed by the Cabinet at the end of either Part I or Part II business set out in the agenda. They must state the circumstances that they consider justify the business being considered as a matter of urgency. The Chairman will decide whether the item(s) raised will be considered.	
4. CHAIRMAN'S ANNOUNCEMENTS Members are reminded that any declarations of interest in respect of any business set out in the agenda, should be declared as either a Disclosable Pecuniary Interest or Declarable Interest and are required to notify the Chairman of the nature of any interest declared at the commencement of the relevant item on the agenda. Members declaring a Disclosable Pecuniary Interest must withdraw from the meeting for the duration of the item. Members declaring a Declarable Interest which requires they leave the room under Paragraph 7.4 of the Code of Conduct, can speak on the item, but must leave the room before the debate and vote.	
5. PUBLIC PARTICIPATION To receive petitions, comments and questions from the public.	
6. ITEM REFERRED FROM FINANCE, AUDIT AND RISK COMMITTEE: 12 JUNE 2017 - RISK MANAGEMENT UPDATE AND ANNUAL REPORT ON RISK MANAGEMENT	(Pages 17 - 40)
7. STRATEGIC PLANNING MATTERS REPORT OF THE STRATEGIC DIRECTOR OF PLANNING, HOUSING AND ENTERPRISE <i>To inform Cabinet of the current positions regarding:</i> <ul style="list-style-type: none">• <i>Duty to Co-operate with neighbouring authorities;</i>• <i>Other Local Plans and Examinations;</i>• <i>North Hertfordshire Local Plan</i>• <i>Neighbourhood Plans; and</i>• <i>Government Announcements.</i>	(Pages 41 - 70)

8. **REVENUE BUDGET OUTTURN 2016/17** (Pages
REPORT OF THE STRATEGIC DIRECTOR OF FINANCE, POLICY AND GOVERNANCE 71 - 86)
To consider the Revenue Budget Outturn report for 2016/17.
9. **ANNUAL TREASURY MANAGEMENT REVIEW 2016/17** (Pages
REPORT OF THE STRATEGIC DIRECTOR OF FINANCE, POLICY AND GOVERNANCE 87 - 106)
To consider the Annual Treasury Management Review report for 2016/17.
10. **CAPITAL PROGRAMME OUTTURN 2016/17** (Pages
REPORT OF THE STRATEGIC DIRECTOR OF FINANCE, POLICY AND GOVERNANCE 107 -
124)
To consider the Capital Programme Outturn report for 2016/17.
11. **CORPORATE OBJECTIVES FOR 2018-2023** (Pages
REPORT OF THE STRATEGIC DIRECTOR OF FINANCE, POLICY AND GOVERNANCE 125 -
130)
To consider the Corporate Objectives for 2018-2023.
12. **FUTURE SUPPORT AND FUNDING ARRANGEMENTS RE: CO-ORDINATION OF TOWN CENTRE INITIATIVES AND COMMUNITY EVENTS WITHIN BALDOCK** (Pages
REPORT OF THE STRATEGIC DIRECTOR OF FINANCE, POLICY AND GOVERNANCE 131 -
146)
To consider the reallocation of support funding previously assigned to the Baldock Town Centre Partnership to the newly formed Baldock Community Forum.

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NORTH HERTFORDSHIRE DISTRICT COUNCIL

CABINET

Meeting held at Foundation House, Letchworth Garden City Heritage Foundation
Offices, Icknield Way, Letchworth Garden City
on Tuesday, 28 March 2017 at 7.30pm

MINUTES

PRESENT: *Councillors Mrs L.A. Needham (Chairman), T.W. Hone (Vice-Chairman), Julian Cunningham, Tony Hunter, David Levett and Bernard Lovewell.*

IN ATTENDANCE: *Chief Executive, Strategic Director of Finance, Policy & Governance, Head of Finance, Performance & Asset Management, Head of Leisure & Environmental Services, Head of Development & Building Control, Head of Housing and Public Protection, Head of Revenues, Benefits and IT, Information Communication Technology Manager, Strategic Planning & Projects Manager, Environmental Health Manager, Communities Manager, Service Manager – Grounds Maintenance, Corporate Legal Manager, Democratic Services Manager and Committee & Member Services Manager.*

ALSO PRESENT: *Councillors Cathryn Henry (Chairman of Overview & Scrutiny Committee), Michael Weeks (Chairman of Finance, Audit & Risk Committee) and Frank Radcliffe.
2 members of the public.*

107. APOLOGIES FOR ABSENCE

The meeting observed a minute's silence in memory of the late Councillor Peter Burt, who had served on the Cabinet as Executive Member for Waste Management, Recycling and Environment for the past 7 years.

Apologies for absence were submitted on behalf of Councillor Jane Gray.

108. MINUTES – 24 JANUARY 2017

RESOLVED: That the Minutes of the meeting of Cabinet held on 24 January 2017 be approved as a true record of the proceedings and signed by the Chairman.

The Chairman advised that, at the 20 December 2016 Cabinet meeting, it was understood that the Coombes Community Centre was receiving income of the region of £12,500 per month. Following correspondence from the Community Centre, it had been established that the actual levels of income were forecast to be around £4,300 per month in 2016/17 (it was £57,602 per year or around £4,800 per month in 2015/16).

109. NOTIFICATION OF OTHER BUSINESS

There was no notification of other business.

110. CHAIRMAN'S ANNOUNCEMENTS

- (1) The Chairman announced that Members of the public and the press may use their devices to film/photograph, or do a sound recording of the meeting, but she asked them to not use flash and to disable any beeps or other sound notifications that emitted from their devices. In addition, the Chairman had arranged for the sound at this particular meeting to be recorded;

- (2) The Chairman reminded Members that, in line with the Code of Conduct, any Declarations of Interest needed to be declared immediately prior to the item in question;
- (3) The Chairman asked that, for the benefit of any members of the public present at the meeting, Officers announce their name and their designation to the meeting when invited to speak;
- (4) The Chairman announced that she would be amending the order of business on the agenda. Following the exclusion of the press and public, Item 18 - the Part 2 report on the proposed Crematorium, would now take place before Item 16 – the Part 1 report on the same issue. At the conclusion of Item 18, the press and public would be invited back into the meeting to see and hear the Cabinet's consideration of Item 16; and
- (5) The Chairman further announced that she had accepted urgent Part 1 and Part 2 items in respect of the North Hertfordshire Museum and Community Facility at Hitchin Town Hall. These reports had been tabled. She would be taking the Part 2 item first, immediately after the Part 1 report on the Crematorium, and so that would entail the press and public being excluded for a second time. At the conclusion of the Part 2 item, the press and public would be invited back into the meeting to see and hear the Cabinet's consideration of the Part 1 item.

The Chairman explained that the reason for urgency for the decision to acquire 14/15 Brand Street, Hitchin at this point would allow the North Hertfordshire Museum fit out to proceed with a continued presence from the fit out contractor (which would minimise costs). Additionally, there were no Cabinet meetings scheduled until June 2017 and there were difficulties in scheduling an additional Cabinet in the pre-election period.

111. PUBLIC PARTICIPATION

There was no public participation.

112. ITEM REFERRED FROM OVERVIEW AND SCRUTINY COMMITTEE: 21 MARCH 2017 – PROPOSED CREMATORIUM AT WILBURY HILLS CEMETERY – INTERIM REPORT ON BUSINESS CASE

RESOLVED: That consideration of this referral takes place in conjunction with agenda item number 16 (see Minute 126 below).

113. ITEM REFERRED FROM FINANCE, AUDIT AND RISK COMMITTEE: 22 MARCH 2017 – DATA PROTECTION AND FREEDOM OF INFORMATION MATTERS

The Chairman of the Finance, Audit & Risk Committee presented the following referral from that Committee, made at its meeting held on 22 March 2017, in respect of Data protection and Freedom of Information Matters (Minute 75 refers):

“RECOMMENDED TO CABINET: That, in respect of the two High Priority Audit recommendations relating to Data Protection and Freedom of Information:

- (1) The current practice used by some Members of the auto forwarding of e-mails to personal e-mail addresses be discontinued, and be ceased on a date set by the Cabinet;
- (2) All Members of the Council register either themselves, or with assistance from the IT Manager, with the Information Commissioner's Office (ICO) as Data Controllers; and
- (3) All Members be urged to undertake the Data Protection e-learning module on the Council's Learning Management System.”

The Executive Member for Finance and IT commented that he was content with Recommendations (2) and (3) above. However, in respect of Recommendation (1), he was prepared to accept this recommendation, subject to the resolution of a number of issues, including the need to establish if auto-forwarding applied to all (not just personal) e-mail addresses; the need to ensure Political Group Leaders and their Members were consulted and were content with the proposals; and the need to sort out hardware/software/connectivity issues with Members who chose to use their own e-mail addresses to ensure that they were henceforth able to use the Council's generic e-mail address. If these matters were resolved then the current practice used by some Members of the auto forwarding of e-mails to other e-mail addresses should be discontinued and ceased by the beginning of the 2017/18 Civic Year.

RESOLVED: That, in respect of the two High Priority Audit recommendations relating to Data Protection and Freedom of Information:

- (1) Subject to resolution of the following issues raised by the Executive Member for Finance and IT,
 - the need to establish if auto-forwarding applied to all (not just personal) e-mail addresses;
 - the need to ensure Political Group Leaders and their Members were consulted and were content with the proposals; and
 - the need to sort out hardware/software/connectivity issues with Members who chose to use their own e-mail addresses to ensure that they were henceforth able to use the Council's generic e-mail address,

the current practice used by some Members of the auto forwarding of e-mails to other e-mail addresses be discontinued, and be ceased by the beginning of the 2017/18 Civic Year;
- (2) All Members of the Council register either themselves, or with assistance from the IT Manager, with the Information Commissioner's Office (ICO) as Data Controllers; and
- (3) All Members be urged to undertake the Data Protection e-learning module on the Council's Learning Management System.

114. ITEM REFERRED FROM FINANCE, AUDIT AND RISK COMMITTEE: 22 MARCH 2017 – RISK MANAGEMENT UPDATE

The Chairman of the Finance, Audit & Risk Committee presented the following referral from that Committee, made at its meeting held on 22 March 2017, in respect of Risk Management Update (Minute 78 refers):

“RECOMMENDED TO CABINET: That the increase in the score for the sub-risk of the Shared Procurement Opportunity relating to the overarching risk of the Waste and Street Cleansing Contract Renewal corporate risk, and the addition of a new risk in respect of Cyber risks, be approved.”

The Executive Member for Finance and IT commented that he was supportive of the proposed changes to the Top Risks recommended by the Finance, Audit & Risk Committee.

RESOLVED: That the increase in the score for the sub-risk of the Shared Procurement Opportunity relating to the overarching risk of the Waste and Street Cleansing Contract Renewal corporate risk, and the addition of a new risk in respect of Cyber risks, be approved.

115. STRATEGIC PLANNING MATTERS

The Executive Member for Planning and Enterprise presented a report of the Strategic Director of Planning, Housing and Enterprise informing Members of the current position regarding the Duty to Co-operate with neighbouring authorities;

Other Local Plans and Examinations; North Hertfordshire Local Plan; Neighbourhood Plans; and Government announcements. The following appendices were submitted with the report:

Appendix A – Copy of signed Memorandum of Understanding (MoU) with East Hertfordshire District Council, February 2017; and

Appendix B – Hertfordshire Infrastructure and Planning Panel (HIPP) joint response to consultation on London's Strategic Housing Land Availability methodology.

The Executive Member for Planning and Enterprise updated the Cabinet on the following matters:

- Duty to Co-operate with neighbouring authorities – agreement had been reached with East Hertfordshire District Council (MoU attached at Appendix A to the report). Further agreements were currently being drafted, in consultation with officer counterparts at a range of other authorities and organisations;
- Other Local Plans and Examinations - East Hertfordshire and Welwyn Hatfield Councils were progressing their plans to broadly similar timetables to North Hertfordshire. It was anticipated that both authorities would submit their plans for examination by April 2017. The hearing sessions into the examination of Luton's Local Plan had concluded. An interim Inspector's report was awaited. The examination of Stevenage's plan remained ongoing. North Hertfordshire was represented at the 'Stage 2' hearings during February and would again be present at the 'Stage 3' hearings on detailed highways and employment issues. St Albans had been advised that the High Court would hold a 'rolled up hearing' upon their application to judicially review the Inspector's conclusion that their strategic local plan failed to meet the legal requirements under the duty to co-operate on their Strategic Local Plan;
- Consultation on London's proposed approach to assessing housing sites - North Hertfordshire contributed to and signed a joint response by all the Hertfordshire authorities to the consultation (attached at Appendix B to the report);
- North Hertfordshire Local Plan - the Council would be considering the Local Plan at its scheduled meeting on 11 April 2017, where Members would be asked to approve the submission of the plan to Government for examination. The processing of responses to the North Hertfordshire District Council Proposed Submission Draft Local Plan consultation was nearing completion. More than 2,500 responses to the consultation were received. At the time of writing, more than 5,000 individual representations had been identified. These would all be published to coincide with the release of the papers for the above Council meeting on Friday, 31 March 2017. A summary of the responses would be available on the Council's website, but the Executive Member confirmed that the Inspector would see every representation in full;
- Neighbourhood Plans - Consultation on the Pilton Neighbourhood Plan began on 9 February 2017 and closed on 23 March 2017. Approximately 120 responses had been received. These would be collated and then considered by an independent examiner before a referendum on the neighbourhood plan could be held; and
- Government Announcements - The Housing White Paper 'Fixing our Broken Housing Market' was published in February 2017 and sets out a number of proposed changes to the plan-making process and planning system more generally. A response would be prepared under the Executive Member's delegated authority and/or in conjunction with the other Hertfordshire authorities through the relevant joint planning groups.

RESOLVED: That the report on Strategic Planning Matters be noted.

REASON FOR DECISION: To keep the Cabinet informed of recent developments on strategic planning matters and progress on the North Hertfordshire Local Plan.

116. THIRD QUARTER REVENUE BUDGET MONITORING 2016/17

The Executive Member for Finance and IT presented the report of the Strategic Director of Finance, Policy and Governance in respect of the Third Quarter Revenue Budget Monitoring 2016/17.

The Executive Member for Finance and IT referred to Table 2 of the report, which showed a forecast variance of a £270,000 increase from the working budget in 2016/17, requested to carry forward budget totalling £197,000 to fund specific projects in 2017/18, and an ongoing impact in future years of £3,000. There were several budget areas with significant variances. The two most significant variances related to:

- The lower level of housing benefit overpayments identified in this year and the difficulty in recovering outstanding debt from large benefit overpayment invoices raised in recent years - £330,000; and
- The transfer of the building control service to the new trading company, including compensation for the value of work outstanding at the time of the transfer - £159,000.

In respect of housing benefit overpayments variance, the Executive Member for Finance and IT explained that where overpayments had been identified in previous years it was often difficult to recover the amounts owed. In a number of cases repayment plans were put in place. This meant that some of the remaining amounts owed were quite old. It was prudent to make a bad debt provision to reflect that these amounts may not be received. The percentage allowance for bad debt increased with the age of the original debt.

The Executive Member for Finance IT further explained that the level of benefits overpayments identified, and therefore that could be recovered, was lower than budgeted. The budgeted level was based on experience in recent years. The introduction of bulk data matching between HMRC and the DWP was introduced in October 2014 and initially lead to large benefit overpayments being identified. This year was the third year of the initiative and the number of large overpayments identified had reduced.

RESOLVED:

- (1) That the report be noted;
- (2) That the changes to the 2016/17 General Fund budget identified in Table 2 and Paragraph 7.3 of the report, totalling a £270,000 increase in net expenditure, be approved; and
- (3) That the changes to the 2017/18 General Fund budget identified in Table 2 and Paragraph 7.3 of the report, totalling a £200,000 increase in net expenditure, be approved.

REASON FOR DECISION: To monitor and request appropriate action of Directorates who do not meet the budget targets set as part of the Corporate Business Planning process; and to ensure that changes to the Council's balances are monitored and approved.

117. THIRD QUARTER TREASURY MANAGEMENT MONITORING 2016/17

The Executive Member for Finance and IT presented a report of the Strategic Director of Finance, Policy and Governance in respect of the Third Quarter Treasury Management Monitoring 2016/17. The following appendix was submitted with the report:

Appendix A – Treasury Management Third Quarter Monitoring – December 2016.

The Executive Member for Finance and IT advised that the amount of investment interest expected to be generated throughout the year was £450,000. It was anticipated that interest rates would increase in 2017/18.

The Executive Member for Finance and IT stated that the average interest rate on all of the Council's outstanding investments as at 31 December 2016 was 1.12%. Just over 50% of these investments were with Building Societies, 40% were with banks, and the remainder with Money Market funds.

The Executive Member for Finance and IT commented that the Council did repay just under £1Million to the Public Works Loan Board in November 2016.

RESOLVED: That the position of Treasury Management activity as at the end of December 2016, as set out in the report, be noted.

REASON FOR DECISION: To ensure the Council's continued compliance with CIPFA's Code of Practice on Treasury Management and the Local Government Act 2003, and to ensure the Council manages its exposure to interest and capital risk.

118. THIRD QUARTER CAPITAL PROGRAMME MONITORING 2016/17

The Executive Member for Finance and IT presented a report of the Strategic Director of Finance, Policy and Governance in respect of the Third Quarter Capital Programme Monitoring 2016/17. The following appendices were submitted with the report:

Appendix A – Capital Programme Summary 2016/17 onwards; and
Appendix B – Capital Programme Detail 2016/17 onwards.

The Executive Member for Finance and IT advised that the current estimate showed a decrease in net capital expenditure of nearly £9Million for 2016/17, which would be carried forward into 2017/18. He referred Members to table 2 of the report, which detailed the items which had been re-profiled into 2017/18. The most significant of those included Council property improvements following condition surveys (£400,000); refurbishment of the District Council Offices (£4.918Million); enhancements to Multi-Storey car parks (£624,000); and North Herts Leisure Centre development (£1.897Million).

The Executive Member for Finance and IT stated that, at the start of 2016/17, the Council's capital reserves stood at £24.3Million. Total capital spend at the end of the Third Quarter was £3.2Million. It was forecast that during the Fourth Quarter the capital reserves could fall below £20Million. However, he stressed that the Council would be investing over £34Million of capital monies in projects across the District over the duration of its five year Capital Programme.

RESOLVED:

- (1) That the report be noted;
- (2) That the adjustments to the 2016/17 Capital Programme identified in Table 2 and Paragraph 7.4 of the report, in respect of a £8.727million reduction in the 2016/17 working budget, be approved: and
- (3) That the forecast changes to the 2017/18 Capital Programme identified in Table 2 and Paragraph 7.4 of the report, in respect of a £8.541million increase in spend, be approved.

REASON FOR DECISION: To approve revisions to the Capital Programme, and to ensure that the Capital Programme is fully funded.

119. PERFORMANCE MANAGEMENT MEASURES FOR 2017/18

The Executive Member for Policy, Transport and Green Issues presented a report of the Strategic Director of Finance, Policy and Governance in respect of the proposed Performance Indicators and associated targets for 2017/18.

The Executive Member for Policy, Transport and Green Issues advised that the Performance Indicator set out in the report were part of a large range of measures that were collected by the Council and monitored to ensure that performance was maintained at a satisfactory level throughout the year. They were owned by the relevant Service Area Managers and would be discussed and agreed with the relevant Executive Members, who would be accountable to Cabinet for the measures. All of these indicators could be tracked by all Members through the Covalent System used by the Council.

The Executive Member for Policy, Transport and Green Issues commented that the report identified the most important measures that the Overview and Scrutiny Committee had chosen to monitor throughout the year. Their importance was down to their overall impact on service or because they had been identified as a reliable measure of corporate health. Each year the Overview and Scrutiny Committee was presented with the report, which highlighted recommended changes and any new items that were felt to be worthy of inclusion or had reduced in importance and could be considered for removal from the monitoring list. The Performance Indicators shown in the report were discussed briefly by the Overview and Scrutiny Committee at its meeting held on 21 March 2017 and were approved without comment.

The Executive Member for Policy, Transport and Green Issues stated that this year there were no additions or removals from the list, but that there were two recommended changes, as set out in paragraph 8.1 of the report. The first of those related to the time taken to agree new major planning applications. Historically the Council had performed very well against the existing target, and it was felt appropriate to increase the measure from 75% to 80%. This would be a stretching target as, whilst the number of applications that fell into this category were small, they may well increase significantly as the new Local Plan progressed through its various stages. The target for visits to leisure centres had been increased to reflect both increased usage in 2016/17, but also to take into account the opening of the new facilities at the North Herts Leisure Centre later in 2017.

RESOLVED: That the Performance Indicators and any associated targets that will be monitored throughout 2017/18 by the Overview and Scrutiny Committee, as set out in the report, be approved.

REASON FOR DECISION: To provide Cabinet with an assurance that service delivery in a number of key services will be monitored throughout 2017/18.

120. PROPOSED OFF-STREET CAR PARKING TARIFFS

The Executive Member for Policy, Transport and Green Issues presented a report of the Head of Development and Building Control in respect of proposed Off-Street Car Parking Tariffs for 2017/18. The following appendices were submitted with the report:

Appendix A – Executive Summary Extract from Consultant’s Report: North Hertfordshire District Council Parking Strategy Review: Phase 1 Report: Markides Associates February 2017; and
Appendix B – Proposed 2017/18 Tariff Increases for Hitchin and Royston Off-Street Car Parks.

The Executive Member for Policy, Transport and Green Issues advised that this was a report that came to Cabinet annually following the agreement of the Council’s Budget. The Medium Term Financial Strategy indicated that the Council would seek to increase its charges in line with CPI + 2% annually. So far as parking was concerned for the current year, this implied an overall increase of 3.2% in income

receipt, in monetary terms just short of £50,000 for ticket sales and a further £8,000 in respect of season ticket sales.

The Executive Member for Policy, Transport and Green Issues stated that the report was exclusively concerned with changes to the existing levels of charges and no account had been taken of any structural changes that the Council may seek to apply, such as charges for evening or Sunday parking in its car parks. These would be the subject of more detailed analysis that would emerge from the second part of the parking strategy review, which was currently underway and which was due for detailed consideration in the summer. He confirmed that if the Council was minded to implement changes of this nature then, in line with published policy, any such changes would be subject to consultation with Area Committees and relevant Town Centre Managers.

The Executive Member for Policy, Transport and Green Issues explained that, in the light of the detailed information available, Section 8 of the report amended the Council's approach to implementation of the required increases, whilst continuing to support Town Centres and wherever possible residential amenity (ie. trying to protect residential areas from the effects of increased commuter parking). In the light of observed changes in parking patterns, the recommendations had been designed to achieve the objectives set out in Paragraph 8.8 of the report. In general, these changes, apart from raising the required income target, would try to even out parking across the District and ensure a better utilisation of this important asset of the Council. One of the more important changes in this respect was the significant reductions in tariffs in Hitchin after 3.00pm to encourage greater use of the town centre. Taking into account that the Council still did not apply on-street parking charging in any of its towns, he believed that this represented a substantial level of support for the District's Town Centres.

The Executive Member for Policy, Transport and Green Issues commented that the above recommendation followed on from the apparent success of the "free after 3" initiative in Royston over the past several years, where there had been a demonstrable increase in usage after 3pm. He pointed out that, following discussions with the various organisations in Royston who financially supported this initiative and who would be doing so again in 2017/18, then it was intended to implement the Option 2 proposals for Royston set out in Table 2 of Appendix A to the report. He confirmed that the Council was willing to discuss with other organisations any support that they may wish to offer for their town centres.

The Executive Member for Policy, Transport and Green Issues advised that there was always a degree of risk in this form of exercise, in that until the charges were implemented it was impossible to predict accurately the public's reaction. Past experience indicated that there would be resistance to the changes with a drop off in usage for the first few weeks, but thereafter usage increasing back to previously observed levels. There was also the possibility that the changes in afternoon tariffs would promote some switching between morning and afternoon use. However, the usage figures would be kept under observation to ensure that the Council had early warning of variance from the projected patterns.

The Executive Member for Policy, Transport and Green Issues explained that the Council's consultants had analysed charges at other towns in close proximity to North Hertfordshire and were satisfied that the charges were set at a level which did not impact on the usage of the District's town centres. Furthermore, they had analysed various reports about the effect that parking charges had on the vitality of town centres, the general consensus being that parking charges was one of a whole host of factors taken into account by town centre users, with the clear most influential factor being the quality of the town centre offer.

The Executive Member for Policy, Transport and Green Issues stated that Section 9 of the report detailed the changes that were intended for season tickets. No changes were proposed to the charges for permits in the various Controlled Parking Zones (CPZs), as these were self-financing. However, there had been a significant

increase in the number of CPZ spaces in the last year or two and this would have contributed to the associated income stream. This would be kept under review.

The Executive Member for Policy, Transport and Green Issues concluded by stating that the Council had experienced a year on year increase in the number of tickets sold in its car parks, but that the proposals before Members took no account of these changes, and the increases were designed to raise the target income without any change in usage levels (except as noted in the risks he had referred to earlier in his presentation of the report).

In response to a Member's question, the Executive Member for Policy, Transport and Green Issues confirmed that he would be liaising with the Council's Communications Team regarding publicity and advertising relating to the proposed new "free after 3" scheme in Hitchin.

RESOLVED:

- (1) That the proposed off-street car park tariffs for 2017/18, as set out in Table 1 for Hitchin and Table 2 (Option 2) for Royston at Appendix B to the report, be agreed and adopted;
- (2) That the proposed increase in season tickets prices of 3.2% for 2017/18, as set out in Table 3 at Paragraph 9.2 of the report, for each of its long stay car parks in Hitchin, Letchworth Garden City and Royston, be agreed;
- (3) That it be agreed not to increase the charges for resident permits, visitor permits, business permits or visitor tickets for resident permit zones for 2017/18, and the prices remain as set out in Table 4 at Paragraph 9.3 of the report; and
- (4) That the proposed tariff changes, as recommended in resolutions (1) and (2) above, be implemented as soon as practicable, and that officers, in consultation with the Executive Member for Policy, Transport and Green Issues, proceed with the implementation as required.

REASON FOR DECISION: To implement an increase in car parking tariffs and season ticket prices in accordance with the Council's fees and charges policy as set out in its Medium Term Financial Strategy (MTFS).

121. REVIEW OF NHDC MEMORANDUM OF UNDERSTANDINGS (ANNUAL GRANT AWARDS) - CITIZENS ADVICE NORTH HERTS, NORTH HERTS CENTRE FOR VOLUNTARY SERVICES & NORTH HERTS MINORITY ETHNIC FORUM

The Executive Member for Policy, Transport and Green Issues presented a report of the Strategic Director of Finance, Policy and Governance in respect of the review of NHDC Memorandum of Understandings (Annual Grant Awards) for Citizens Advice North Herts, North Herts Centre for Voluntary Services and North Herts Minority Ethnic Forum. The following appendices were submitted with the report:

- Appendix 1 – Citizens Advice North Herts – Summary of Services Report October 2016;
- Appendix 2 – North Herts Centre for Voluntary Services – Monitoring and Impact reports October 2016;
- Appendix 3 – North Herts Minority Ethnic Forum – Summary of Services and Activities October 2016; and
- Appendix 4 – Template of contractual Grant Agreement.

The Executive Member for Policy, Transport and Green Issues advised that, about a year ago, the Council had taken a view that it wished to financially support the three above organisations at more or less previous levels of funding, but to review how that funding was provided and used and how it benefitted the Council.

The Executive Member for Policy, Transport and Green Issues considered that if the three organisations did not exist then the Council would need to find ways of replacing the services they provided, almost certainly at considerable greater cost, particularly as the organisations worked primarily through the use of volunteers.

The Executive Member for Policy, Transport and Green Issues commented that the previous time that this matter had been before Cabinet, the outcome had been that the Communities Team had been requested to consult the organisations with a view to formulating detailed proposals for the new changes.

The Executive Member for Policy, Transport and Green Issues stated that the organisations had been aware for some time that the Council would be moving towards commissioning of services from them for a three year period. However, he felt that a number of issues still need to be resolved with the organisations, and hence he proposed a revised Recommendation 2.2 in the report as follows:

“That the responsibility for finalising the terms of the revised contractual arrangements with Citizen’s Advice North Herts, North Herts Centre for Voluntary Services and the North Herts Minority Ethnic Forum, be delegated to the Communities Manager, in conjunction with the Executive Member for Community Engagement and Rural Affairs and the Executive Member for Policy, Transport and Green Issues.”

The Executive Member for Community Engagement and Rural Affairs supported the Executive Member for Executive Member for Policy, Transport and Green Issues, and added that he felt that three years security was the right way forward for the three organisations concerned and that he was certain that the commissioning approach was the best method for securing provision of their services.

RESOLVED:

- (1) That the information provided by Citizen’s Advice North Herts, North Herts Centre for Voluntary Services and the North Herts Minority Ethnic Forum, in line with the monitoring arrangements under their current Memorandum of Understandings with the Authority, be noted; and
- (2) That the responsibility for finalising the terms of the revised contractual arrangements with Citizen’s Advice North Herts, North Herts Centre for Voluntary Services and the North Herts Minority Ethnic Forum, be delegated to the Communities Manager, in conjunction with the Executive Member for Community Engagement and Rural Affairs and the Executive Member for Policy, Transport and Green Issues.

REASON FOR DECISION: To accord with the Cabinet resolutions made as part of the review on the Grants Policy and financial assistance to community groups and organisations on 14 June 2016 and the further review of NHDC Memorandum of Understandings considered by Cabinet on 20 December 2016.

122. PROPOSAL TO SET UP A COUNTY WIDE HOME IMPROVEMENT AGENCY IN HERTFORDSHIRE

[Prior to the consideration of this item, Councillors T.W. Hone and Tony Hunter made Declarable Interests as they were both Members of Hertfordshire County Council, who were part of the proposed county wide Home Improvement Agency. They both chose to remain in the meeting and participate in the debate and vote upon the matter.]

The Executive Member for Housing and Environmental Health presented a report of the Head of Housing and Public Protection and Head of Finance, Performance and Asset Management in respect of the proposal to set up a County wide Home Improvement Agency in Hertfordshire. The following appendix was submitted with the report:

Appendix 1 – Business Case.

The Executive Member for Housing and Environmental Health reminded Members that Cabinet had discussed the concept of a county wide Home Improvement Agency at its meeting held on 27 September 2016. It had been agreed that officers should proceed in working with other interested Hertfordshire Authorities to work up a Partnership Agreement. This work had been completed, and the report recommended that NHDC entered into such an Agreement.

The Executive Member for Housing and Environmental Health explained that the driver for these proposals was a clear directive from Central Government that Councils must work together to make better use of Disabled Facilities Grants to keep more people out of residential care and hence reduce pressure on the National Health Service.

The Executive Member for Housing and Environmental Health stated that Central Government was still prepared to provide grant funding for Disabled Facilities Grants. For NHDC, the grant had risen from £286,000 in 2014/15 to £653,000 in 2015/16. In addition, for the past three years NHDC had topped up the Government grant funding to an available amount of £745,000 per annum.

The Executive Member for Housing and Environmental Health commented on the benefits of the new county wide service. It should reduce the time period between assessment and installation. It should also reduce overall administration costs once the scheme had bedded in, with a knowledgeable and skilled workforce. By working together, a great opportunity arose to procure contracts at a much lower price. There was also an opportunity to widen the service into the private sector to increase income.

The Executive Member for Housing and Environmental Health concluded by stating that it was important that the financial aspects of the Business Plan was explored, but he felt that the overriding consideration would be the opportunity to provide residents with a much better and more cost effective service to meet their needs.

The Cabinet considered that any proposal to improve and speed up Disabled Facilities Grants should be welcomed. However, Members noticed a number of errors in the financial information presented in the various tables in the Business Plan, and asked that they be corrected.

The Cabinet noted that publicity for the new scheme would be ramped up once all parties had signed the Partnership Agreement.

In respect of governance, the Cabinet was informed that the Head of Housing and Public Protection would represent the Council on the Partnership Board and report back to Members, possibly via the Members' Information Service (MIS). These governance arrangements were similar to those operated by the Shared Internal Audit Service (SIAS) and Shared Anti-Fraud Service (SAFS).

The Strategic Director of Finance, Policy and Governance stated that the Hertfordshire Chief Financial Officers Group had recognised that proper accounting arrangements should be in place and had requested that a Statement of Accounts was prepared on a quarterly basis setting out how grant was being allocated and spent per District, in order to measure and assure Partners that grant funding which had been allocated to each District was being spent on services for their residents. This, in turn, would feature in the Cabinet's Quarterly Budget reports.

RESOLVED:

- (1) That the Council be authorised to enter into a Partnership Agreement to establish a shared Hertfordshire Home Improvement Agency Service (HHIA), such HHIA Partnership Agreement to be in a form agreed by the Corporate Legal Manager/Monitoring Officer or his deputy;

- (2) That authority be delegated to Hertfordshire County Council (HCC) to discharge other functions relating to the implementation of the HHIA Partnership Agreement; and
- (3) That the Head of Housing and Public Protection, or his nominated deputy, be delegated the power to represent the Council on the HHIA Governance Board.

REASON FOR DECISION: To enable the Council to participate in the Hertfordshire Home Improvement Agency shared service, with the delegation in resolution (2) being required so that HCC can exercise an executive function on NHDC's behalf.

123. THE COUNCIL'S APPROACH TO COMMERCIALISATION OF SERVICES

The Chief Executive presented a report in respect of the Council's approach to the commercialisation of services. The following appendices were submitted with the report:

Appendix A – Recommendation of Commercialisation task and Finish Group; and
Appendix B – Extract from Cabinet Minutes – 15.11.15.

The Chief Executive advised that the Commercialisation Project Board had been established following the work of the Scrutiny Task and Finish Group on the Commercialisation of Services. He informed the Cabinet that the Project Board had met on a number of occasions throughout 2016, the main driver being potential financial returns for the Council and sustaining priority outcomes for local communities. The Medium Term Financial Strategy sets out the financial imperative to start to look at service provision in a different way.

The Chief Executive explained that the report identified some parameters for that future approach. The Project Board had looked at the approach taken by other Authorities, some of which the Council would not be interested in taking forward.

The Chief Executive commented that key issues that had arisen since the formation of the Project Board included the work centred around the formation of a housing company (in association with other Hertfordshire Districts), as set out in the report. The proposed housing company would look at the provision of housing at market rent and possible joint venture opportunities.

The Chief Executive stated that work had continued on joint working with 6 other Hertfordshire Authorities on the joint Building Control service. Other areas included Legal (selling services to other Authorities); developing Careline; and in the procurement of the new Waste Contract.

The Chief Executive advised that the recommendations in the report focussed on the upcoming work for the Council in respect of the proposed housing company and the proposed new Crematorium.

The Chief Executive referred to one typographical error in the report. The recommendations had been changed throughout the gestation period of the report, and hence Recommendation 2.5 should be deleted, as it was now incorporated into the latter part of Recommendation 2.4.

The Cabinet considered that all commercialisation projects should align to and fulfil at least one of the Council's objectives. Each project should have a clear direction and mechanisms for the effective monitoring of outcomes. It was stressed that speed of decision-making was essential and that consideration should be given to appropriate processes for commercial activities which may differ from some of the Council's normal decision making arrangements.

The Chief Executive stated that, should the Cabinet be minded to support the report, then a further change should be made to recommendation 2.1(ii), in that the progression of proposals to create a new North Hertfordshire Crematorium should be subject to the consideration of the report on this matter later in the meeting.

RESOLVED:

- (1) That the contents of the report be noted and the progression of commercial activities in the following areas be endorsed:
 - (i) The establishment of a Housing company; and
 - (ii) The progression of proposals to create a new North Hertfordshire Crematorium, subject to the consideration of the later report at this meeting;
- (2) That the approach of the establishment of a specific sub-committee of Cabinet which will deal with shareholder functions which relate both to emerging commercial activities set out in resolution (1) above and also commercial activities undertaken in the following areas be endorsed:
 - (i) Building Control;
 - (ii) CCTV; and
 - (iii) North Hertfordshire Homes;
- (3) That the establishment of the sub-committee of Cabinet referred to in resolution (2) above to deal with the shareholder functions be considered as part of the next review of the Council's Constitution, which is anticipated to be reported to Council in April 2017; and
- (4) That the development of commercial activities where they contribute to the financial sustainability of the Authority and provide services to the residents of North Hertfordshire be supported; and the principles embodied in this report and in the emerging areas of work, which support the Council's overall aims and activities within the District, be further supported.

REASON FOR DECISION: To ensure that the Council is able to optimise its income generation opportunities for the benefit of Council Tax payers; and to ensure that appropriate governance arrangements are in place for a wholly or partially owned company and other commercial activities.

124. EXCLUSION OF PRESS AND PUBLIC

RESOLVED: That under Section 100A(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Paragraphs 3 and 5 of Part 1 of Schedule 12A of the said Act (as amended).

125. PROPOSED CREMATORIUM AT WILBURY HILLS CEMETERY – INTERIM REPORT ON BUSINESS CASE

The Leader of the Council presented a Part 2 interim report of the Head of Leisure and Environmental Services in respect of a Business Case for a proposed Crematorium at Wilbury Hills Cemetery, Letchworth Garden City. The following appendix was submitted with the report:

Appendix 1 – responses received from the Potential Operator.

The Leader of the Council outlined the results of the selection process carried out by officers in respect of potential operators of any future crematorium at Wilbury Hills Cemetery.

RESOLVED: That the details of the proposed approach for a Crematorium at Wilbury Hills Cemetery, as set out in the report, be noted.

REASON FOR DECISION: To progress the proposal for a Crematorium at Wilbury Hills Cemetery.

[At this point in the proceeding, the press and public were invited back into the meeting.]

126. PROPOSED CREMATORIUM AT WILBURY HILLS CEMETERY – INTERIM REPORT ON BUSINESS CASE

The Leader of the Council presented a Part 1 interim report of the Head of Leisure and Environmental Services in respect of a Business Case for a proposed Crematorium at Wilbury Hills Cemetery, Letchworth Garden City.

The Chairman of the Overview and Scrutiny Committee presented the following referral from that Committee, made at its meeting held on 21 March 2017, in respect of the Proposed Crematorium at Wilbury Hills Cemetery – Interim Report on Business Case (Minute 113 refers):

“RECOMMENDED TO CABINET:

- (1) That, subject to (2) and (3) below, the recommendations contained in the report entitled Proposed Crematorium at Wilbury Hills Cemetery – Interim Report on Business Case be supported;
- (2) That the cost of Officer time spent on this project both to date and moving forward be included in the Business Case;
- (3) That Cabinet be requested to seriously consider and review the latest Business Case and financial information, including (2) above before deciding whether to proceed with this project.”

The Leader of the Council accepted the recommendations of the Overview and Scrutiny Committee, subject to the cost of officer time referred to in Recommendation (2) solely relating to the cost of officer time going forward.

In view of a comparison of the costs incurred on similar crematorium ventures carried out by local authorities elsewhere in the country, the Cabinet agreed that the budget to cover external consultants and other costs associated with the planning application should be increased from £30,000 to £50,000.

The Cabinet further agreed that the Head of Leisure and Environmental Services be requested to report back to Cabinet once the outcome of the outline planning application was known.

RESOLVED:

- (1) That officers be authorised to progress and submit an outline planning application for the development of a crematorium at Wilbury Hills, such authorisation to include taking all steps required for a successful grant of permission;
- (2) That the project be allocated a budget of up to £50,000 to cover external consultants and other costs associated with the planning application;
- (3) That the Head of Leisure and Environmental Services, in consultation with the Leader of the Council, be authorised to carry out further negotiations to finalise the structure and detail of any potential agreement with the Proposed Operator, subject to Cabinet providing final approval in due course. In any event, the Head of Leisure and Environmental Services is requested to report back to Cabinet once the outcome of the outline planning application is known; and
- (4) That the cost of Officer time spent on this project moving forward be included in the Business Case, and that the latest Business Case and financial information be reviewed before deciding whether to proceed with this project.

REASON FOR DECISION: To progress the proposal for a Crematorium at Wilbury Hills Cemetery.

127. EXCLUSION OF PRESS AND PUBLIC

RESOLVED: That under Section 100A(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Paragraphs 3 and 5 of Part 1 of Schedule 12A of the said Act (as amended).

128. NORTH HERTFORDSHIRE MUSEUM AND HITCHIN TOWN HALL – ACQUISITION OF 14/15 BRAND STREET

[Prior to the consideration of this item and that at Minute 129 below, Councillors Bernard Lovewell and Julian Cunningham declared that they would be leaving their seats, as they were Members of the Cabinet Sub-Committee (Council Charities), which was responsible for making decisions on the North Hertfordshire Museum and Community Facility on behalf of the Hitchin Town Hall: Gymnasium and Workmans Hall Trust. They both sat in the public seating area to listen to the debate, but did not take part in the discussion nor the voting on either item.]

The Chief Executive presented a tabled Part 2 report in respect of North Hertfordshire Museum and Hitchin Town Hall – Acquisition of 14/15 Brand Street. The following appendix was submitted with the report:

Appendix A – Reported Project Expenditure and funding.

The Chief Executive advised Cabinet of the proposed sum for acquisition of 14/15 Brand Street, as set out in Paragraph 8.8 of the report. He summarised the outcome of discussions and negotiations to date between the Council and representatives of Hitchin Town Hall Limited and Hitchin Town Hall Finance Limited in respect of this proposed acquisition.

RESOLVED: That the contents of the report be noted.

REASON FOR DECISION: To enable the Council to complete the development of the North Hertfordshire Museum/Hitchin Town Hall project as intended by Council and operate the facility for the benefit of the local community and to protect the Council's interests and obtain best return from the Council's existing investment and to secure projected income from the facility to offset operational and fixed costs.

[At this point in the proceeding, the press and public were invited back into the meeting.]

129. NORTH HERTFORDSHIRE MUSEUM AND HITCHIN TOWN HALL – ACQUISITION OF 14/15 BRAND STREET

The Chief Executive presented a tabled Part 1 report in respect of North Hertfordshire Museum and Hitchin Town Hall – Acquisition of 14/15 Brand Street. The following appendix was submitted with the report:

Appendix A – Reported Project Expenditure and funding.

The Chief Executive advised that, in order to be specific, Recommendation 2.1 in the report should be amended to clarify that the sum offered for the acquisition of 14/15 Brand Street should be as set out in Paragraph 8.8 of the Part 2 report.

RESOLVED:

- (1) That the sum offered for the acquisition of 14/15 Brand Street, as set out in Paragraph 8.8 of the Part 2 report, be endorsed;

- (2) That approval of the agreements required to formalise the arrangement with Hitchin Town Hall Limited and HTH Finance Ltd be delegated to the Chief Executive, in consultation with the Leader of the Council, Executive Member for Finance and IT and the Executive Member for Community Engagement and Rural Affairs; and
- (3) That it be noted that approval of some elements of the agreement may be required from the Cabinet Sub-Committee (Council Charities).

REASON FOR DECISION: To enable the Council to complete the development of the North Hertfordshire Museum/Hitchin Town Hall project as intended by Council and operate the facility for the benefit of the local community and to protect the Council's interests and obtain best return from the Council's existing investment and to secure projected income from the facility to offset operational and fixed costs.

The meeting closed at 11.06pm.

.....
Chairman

TITLE OF REPORT: ITEM REFERRED FROM FINANCE, AUDIT AND RISK COMMITTEE: 12 JUNE 2017 – RISK MANAGEMENT UPDATE AND ANNUAL REPORT ON RISK MANAGEMENT 2016/17

12. RISK MANAGEMENT UPDATE AND ANNUAL REPORT ON RISK MANAGEMENT 2016/17

The Head of Finance, Performance and Asset Management presented a report which provided an update on Risk Management and the Annual Report on Risk Management 2016/17.

The Head of Finance, Performance and Asset Management advised that, in March 2017, officers reviewed the “Increased homelessness and use of B&B” risk and reduced the likelihood risk score to “Medium” (2). Use of B&B accommodation had consistently reduced over the last year and at the time of the review, there were no homeless households being accommodated in B&B. The current level of homelessness within the District was being managed using available temporary accommodation units. However, officers noted that this was a challenging issue and that demand could be unpredictable. Therefore, the risk would be subject to quarterly reviews. The proposed change would move the Homelessness risk from a 7 to a 5 on the Risk Matrix.

In respect of the “Office Accommodation” risk, the Head of Finance, Performance and Asset Management commented that Willmott Dixon had commenced work on site on 6 March 2017. They were currently undertaking asbestos removal and demolition works and were on schedule. Some unforeseen issues had been identified during the works and these were being assessed. Any solutions required would be financed from existing budgets. In view of the progress made and the Council's commitment to complete the refurbishment, Officers had reduced the Likelihood risk score to "2-Medium. This proposed change would move the Office Accommodation risk from a 7 to a 5 on the Risk Matrix.

With regard to the “Sale of Materials” sub-risk, the Head of Finance, Performance and Asset Management stated that the likelihood risk score had been reduced to 2-Medium, as a new contract had been procured for mixed recycling services until May 2018. Currently, a saving against budget was predicted. This proposed change had no effect on the placement of the Waste and Street Cleansing Contract Renewal risk, which remained as 8 on the Risk Matrix.

The Head of Finance, Performance and Asset Management referred to the Annual report on Risk Management 2016/17, as attached at Appendix B to the report. He summarised the significant changes to the Top Risks which had occurred throughout the year, and drew attention to work carried out on the Insurance Review, Business Continuity and Health and Safety.

In respect of the “Increased homelessness and use of B&B” risk, a Member asked for details of the Homelessness Reduction Bill. The Committee was informed that this Bill had received Royal Assent in April 2017. Officers undertook to provide Members of the Committee with details as to what was proposed in the Bill.

RECOMMENDED TO CABINET:

- (1) That the reduction in the score for the “Increased Homelessness and use of B & B” risk from a 7 to a 5 be approved;
- (2) That the reduction in the score for the “Office Accommodation” risk from a 7 to a 5 be approved;

- (3) That a reduction in the likelihood score for the “Sale of Materials” sub-risk to a 2 – Medium – be approved; and
- (4) That the Annual Report on Risk and Opportunities Management 2016/17, as set out at Appendix B to the report, be supported and referred to Council for approval.

REASON FOR DECISION: To comply with the Risk and Opportunities Management Strategy, which stipulates that an Annual Risk Management report is taken to Council.

The following is the report to be considered by the Finance, Audit & Risk Committee at its meeting to be held on 12 June 2017.

TITLE OF REPORT: RISK MANAGEMENT UPDATE AND ANNUAL REPORT ON RISK MANAGEMENT 2016/17

REPORT OF THE HEAD OF FINANCE, PERFORMANCE & ASSET MANAGEMENT

EXECUTIVE MEMBER: COUNCILLOR JULIAN CUNNINGHAM

COUNCIL PRIORITY: PROSPER AND PROTECT / RESPONSIVE AND EFFICIENT

1. EXECUTIVE SUMMARY

1.1 To provide the Committee with an update on the management of the Corporate risks

2. RECOMMENDATIONS

2.1 That the Committee notes and refers the changes in the Corporate risks to Cabinet.

2.2 That the Annual Report on Risk Management 2016/17 (attached at Appendix B) is referred to Cabinet for onward referral to Council.

3. REASONS FOR RECOMMENDATIONS

3.1 The responsibility for ensuring the management of the risks referred to in Section 2 of this report is that of Cabinet.

3.2 This Committee has responsibility to monitor the effective development and operation of risk management.

4. ALTERNATIVE OPTIONS CONSIDERED

4.1 There are no alternative options that are applicable

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

5.1 Consultation has been undertaken with SMT and the Risk Management Group (this includes Councillor T Hone as Risk Management Member 'champion') and these recommendations were supported. Lead Officers discuss these risks with the relevant Executive Member.

6. FORWARD PLAN

6.1 This report does not contain a recommendation on a key decision and has not been referred to in the Forward Plan.

7. BACKGROUND

7.1 At the March meeting of the Finance, Audit and Risk Committee the increase in the likelihood of the "Shared Procurement Opportunity" sub-risk that falls under the umbrella of the overarching "Waste & Street Cleansing Contract Renewal" risk and the addition of "Cyber Risks" as a new Corporate risk were approved and referred on to Cabinet.

8. RELEVANT CONSIDERATIONS

8.1 The Risks summarised in Table 1 have been reviewed and agreed by SMT. Members are able to view the current risk descriptions on Covalent, the Council's performance and risk management software. The changes to the assessment of the current Corporate risks & opportunities are outlined in sections 8.2, 8.3 and 8.4.

Likelihood	3 High	4	7 <ul style="list-style-type: none"> • Income Generation Projects • Sustainable Development (2 x Sub Risks) 	9 <ul style="list-style-type: none"> • Local Plan • Managing the Council's Finances • North Hertfordshire Museum and Hitchin Town Hall Project
	2 Medium	2	5 <ul style="list-style-type: none"> • Increased Homelessness and Use of B&B (<i>Reduced from 7</i>) • Office Accommodation (<i>Reduced from 7</i>) • Workforce Planning 	8 <ul style="list-style-type: none"> • Cyber Risks • Waste and Street Cleansing Contract Renewal (8 x Sub Risks)
	1 Low	1	3	6
		1 Low	2 Medium	3 High
		Impact		

8.2 **Increased homelessness and use of B&B** In March 2017, officers reviewed this risk again and reduced the likelihood risk score to "Medium" (2). Use of B&B accommodation has consistently reduced over the last year and at the time of the review, there were no homeless households being accommodated in B&B. The current level of homelessness within the district is being managed using available temporary accommodation units. However, officers noted that this is a challenging issue and that demand can be unpredictable. Therefore, the risk will be subject to quarterly reviews. This proposed change will move the Homelessness risk from a 7 to a 5 on the Matrix

8.3 Office Accommodation

Willmott Dixon commenced work on site on 6 March 2017. They are currently undertaking asbestos removal and demolition works and are on schedule. Some unforeseen issues have been identified during the works and these are being assessed. Any solutions required will be financed from existing budgets. In view of the progress made and the Council's commitment to complete the refurbishment, Officers have reduced the Likelihood risk score to "2- Medium. This proposed change will move the Office Accommodation risk from a 7 to a 5 on the Matrix.

8.4 Sale of Materials Sub Risk

The likelihood risk score has been reduced to 2-Medium, as a new contract has been procured for mixed recycling services until May 2018. Currently, a saving against budget is predicted. This proposed change has no effect on the placement of the Waste and Street Cleansing Contract Renewal risk, which remains as 8 on the Matrix.

9. LEGAL IMPLICATIONS

- 9.1 The Committee's Terms of Reference include "to monitor the effective development and operation of risk management and corporate governance, agree actions (where appropriate) and make recommendations to Cabinet." This report gives the Committee the opportunity to review and comment on the high level Risks and have they have and are proposed to be managed.

10. FINANCIAL IMPLICATIONS

- 10.1 Any additional resources to complete risk management actions are included in the Corporate Business Planning process. There are no direct financial implications from this report.

11. RISK IMPLICATIONS

- 11.1 The Risk & Opportunities Management Strategy requires the Finance Audit & Risk Committee to consider regular reports on the Council's Corporate Risks. Failure to provide the Committee with regular updates would be in conflict with the agreed Strategy and would mean that this Committee could not provide assurances to Cabinet that the Council's identified Top / Corporate Risks are being managed.

12. EQUALITIES IMPLICATIONS

- 12.1 In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2 Reporting on the management of risk provides a means to monitor whether the council are meeting the stated outcomes of the district priorities, its targets or delivering accessible and appropriate services to the community to meet different people's needs. The risks of NHDC failing in its Public Sector Equality Duty are recorded on the Risk Register. The Council's risk management approach is holistic, taking account of commercial and physical risks. It should also consider the risks of not delivering a service in an equitable, accessible manner, and especially to its most vulnerable residents such as those who are homeless

13. SOCIAL VALUE IMPLICATIONS

13.1 The Social Value Act and “go local” policy do not apply to this report.

14. HUMAN RESOURCE IMPLICATIONS

14.1 There are no direct Human Resource implications arising from this report, but it should be noted that there is a separate Corporate Risk relating to Workforce Planning.

15. APPENDICES

15.1 Appendix A – The Corporate risks & opportunities with changed assessments.
Appendix B – Annual Report on Risk Management 2016/17.

16. CONTACT OFFICERS

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17. BACKGROUND PAPERS

17.1 The risks held on Covalent the Council’s Performance and Risk Management IT system.

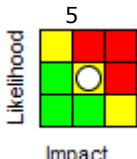
Appendix A – Corporate Risks and Opportunities with changed assessments



Risk Code	TR60	Risk Title	Increased Homelessness and Use of B&B
Risk Owner	Andy Godman	Updated By	Martin Lawrence
Year Identified	2011	Corporate Priority	Prosper and Protect
Risk Description	<p>As a result of:</p> <ul style="list-style-type: none"> - Welfare reform - Major difficulties accessing the private sector - In the mid term, a rise in the base rate of interest - Lack of suitable temporary accommodation - Impact of new legislation, e.g. the Homelessness Reduction Bill <p>There is a risk of:</p> <ul style="list-style-type: none"> - An increase in homelessness - A lack of alternative housing options - An increased use of B&B accommodation for homeless households 		
Opportunities	<ul style="list-style-type: none"> -- Homelessness is minimised through prevention activity and there are options for those in housing difficulties t 		
Consequences	<p>An increase in homelessness levels could lead to the full occupation of temporary accommodation units. This in turn would lead to increased usage of B&B accommodation, which would have the following consequences:</p> <ul style="list-style-type: none"> - A significant budget gap for the Council as, on average, only around 35% of housing benefit costs can be reclaimed by way of government subsidy - Adverse impact on households, as B&B accommodation in itself is not ideal and it could be located anywhere in Hertfordshire or beyond - Negative publicity for the Council 		
Work Completed	<ul style="list-style-type: none"> - A review of all homeless households accommodated by the Council in order to establish whether an ongoing accommodation duty exists and if so, the best way to manage this - Entered into an agreement with Welwyn Hatfield Council to use any vacancies they have in temporary accommodation - Launched an updated Common Housing Allocation Scheme - Reviewed the structure of the Housing Options Team to improve resilience; new structure implemented 1 April 2016 - Reviewed the standard of service that the public can expect from the Housing Options Team - Financial risk identified for 2017/18: <ul style="list-style-type: none"> -- Ongoing usage of bed and breakfast accommodation for homeless households (£180k/Medium) - Linked to a new risk entry relating to the "Homelessness Reduction Bill" 		
Ongoing Work	<ul style="list-style-type: none"> - Prioritising activities that establish whether a legal accommodation duty exists at the earliest possible stage - Liaising with registered providers and other local authorities in order to see whether alternative accommodation options exist - Liaise with Herts County Council on possibility of future specialist provision for single people - Review opportunities to improve access to the private rented sector - Work with temporary accommodation providers to closer manage occupants and determine whether possession action needs to be undertaken at an earlier stage (this would release more places in temporary accommodation) - Work more closely with hostel residents in order to remove barriers to move-on, e.g. rent arrears - Consider allowing homelessness acceptances to retain their status at their 'approach' address, 		

	thereby reducing the call on temporary accommodation - Working with the third sector and exploring partnership arrangements		
Current Impact Score	2	Current Likelihood Score	2
Current Risk Matrix	<div style="text-align: center;"> <p>5</p> <p>Likelihood</p> <p>Impact</p> </div>		
Date Reviewed	02-Mar-2017	Next Review Date	02-Jun-2017

Risk Code	TR51	Risk Title	Office Accommodation
Risk Owner	Howard Crompton	Updated By	Howard Crompton
Year Identified	2013	Corporate Priority	Responsive and Efficient
Risk Description	<p>As a result of failure to:</p> <ul style="list-style-type: none"> - Create more open plan space - Minimise disturbance caused by refurbishment works - Have suitable and safe temporary accommodation - Fully anticipate all the costs of the project - Fully engage all staff and Members - Reduce physical storage requirements - Provide sufficient IT and telephony requirements and a suitable public reception in Town Lodge - Have sufficient capacity to deliver the project - Ensure the financial health and competence of the manufacturer/contractor <p>There is a risk that there is:</p> <ul style="list-style-type: none"> - Failure to complete the project on time, to cost and within the specification - Failure to refurbish the offices as outlined in the original Business Case - Failure to make additional revenue savings/gains from letting - Inability to repair the exterior of the DCO in the long term - Deterioration in services provided to the public - Failure to moderate internal temperatures - Difficult working conditions leading to a deterioration in officers performance - Failure to attract other partners to share the building that could lead to underutilised office space - Failure to manage expectations 		
Opportunities	<p>Purchasing and refurbishment of the DCO provides the following opportunities:</p> <ul style="list-style-type: none"> - Reduction in revenue expenditure for annual rent - Significant investment with the opportunity of providing employment during the construction phase of the project - More open plan arrangements encourages closer working between directorates and the removal of internal walls facilitates increased desk densities and greater workspace flexibility - Improvements to temperature issues will assist in achieving improved productivity - Long-term commitment to remain in Letchworth town centre - Environmental benefits through reduced CO2 emissions, both from the refurbished building and compared to those generated by a new build scheme - To provide a civic centre for a range of services - Other public sector users would provide a rental income; third sector users could facilitate grant reductions due to provision of subsidised space - Commercial rentals 		
Consequences	<p>The consequences of these risks include the following:</p> <ul style="list-style-type: none"> - Continued energy inefficiencies resulting in lack of reduction in emissions and increased utility bills - Current office conditions do not improve - Negative impact on service delivery and morale leading to increase in complaints from the public - Increase in staff complaints, particularly during the temporary decant - Project costs exceed the approved budget - Business Case benefits are not realised 		
Work Completed	<ul style="list-style-type: none"> - Home working now embedded reducing the need for office space - Full Council approved purchase and early refurbishment plan for DCO on 18 July 2013 - Start-up documents for next project phase (refurbishment works) approved by Project Board and SMT - Established officer project group following Council approval to proceed - Additional questions regarding office accommodation incorporated into 2014 staff survey - Architectural services commissioned from Stevenage BC 		

	<ul style="list-style-type: none"> - Space planning consultancy advice commissioned - Agreement to use Town Lodge and the Letchworth Museum building as temporary accommodation for the duration of the works - Two staff briefings held to date - External designs have Planning and LGCHF approval - Specification for internal works agreed - Finalised agreement for Letchworth storage facility (Unit 3) - Council approved revised budget and final scheme requirements on 14 July 2016 - No responses received to the original tender - Subsequently entered into a Scape framework agreement, the principal contractor being Willmott Dixon - Property Services and IT met with teams to determine storage requirements and to review the possibility of electronic storage - Decant to Town Lodge/Letchworth Museum completed in early December 2016 - Completed negotiations/value engineering with Willmott Dixon regarding the level of works achievable within the approved budget available - Modifications to design/specification required - Contract signed in February 2017 (total contract value including removal of all identified asbestos is £5,633,382.80) - Willmott Dixon completed a site survey of the DCO regarding asbestos removal - Site survey identified substantially more asbestos in the building than initially expected (£250k of additional work) - Confirmed contingency/security arrangements during the works relating to the servers - DCO cleared ready for the commencement of works - Willmott Dixon commenced work on site on 6 March 2017 		
Ongoing Work	<ul style="list-style-type: none"> - Continue to explore opportunities for potential partners to use some of the office space in the DCO - Clear top level buy-in regarding refurbishment proposals, including more open plan and hot-desking provision, along with temperature moderation measures - Staff consultation and engagement ongoing, e.g. regular email updates to staff and councillors, with representatives from service areas being involved in the project - Where necessary, external skills and advice will be obtained - Willmott Dixon responsible for tendering arrangements for sub-contractor works - The removal of asbestos requires specialist contractors - Ongoing asbestos removal due to be completed shortly - Demolition works have commenced, e.g. removal of cellular offices from higher floors - Any unforeseen issues identified from surveys or during the works are assessed, with appropriate solutions approved and financed from existing budgets - Once the asbestos removal and demolition works are complete, the construction phase will commence - Works due to be completed by 30 January 2018 (contract end date) - Return to the DCO due to be completed by 31 March 2018 		
Current Impact Score	2	Current Likelihood Score	2
Current Risk Matrix			
Date Reviewed	26-Apr-2017	Next Review Date	26-Oct-2017

Risk Code	TR59.007	Risk Title	Sale of Materials
Risk Owner	Vaughan Watson	Updated By	Chloe Hipwood
Year Identified	2015	Corporate Priority	Responsive and Efficient
Risk Description	<p>As a result of:</p> <ul style="list-style-type: none"> - Increasing supply and lack of demand for materials - Lack of competition - The down turn in the market for materials - Reduction in price for commingled material and/or waste paper - Lack of direct management of contractor - Loss of contractor - Contamination <p>There is a risk that:</p> <ul style="list-style-type: none"> - There is an increase in the cost for processing the materials - There is a significant financial loss to NHDC - There is lack of control over contract - There is a need to find an alternative contractor at short/no notice - The contractor will reject loads that are considered contaminated 		
Opportunities	<ul style="list-style-type: none"> - NHDC obtains maximum income for the materials it has collected that can be recycled 		
Consequences	<p>As a consequence of the risk occurring:</p> <ul style="list-style-type: none"> - There is a negative impact on the Council's General Fund - Services may have to be cut to meet the shortfall - Material that could be recycled goes to landfill, e.g. the facility at Radwell cannot store materials for any length of time 		
Work Completed	<ul style="list-style-type: none"> - NHDC is part of a consortium for recycling materials with other Hertfordshire authorities - Site visits to monitor contamination - Requests for data on material composition - New plastics recycling leaflets - New plastic stickers delivered September/October 2015 - Promotional campaigns to reduce contamination and increase the quality of materials - New paper contract procured as HWP started in January 2017 - New contract procured jointly with EHC started in February 2017 (saving against budget currently predicted) 		
Ongoing Work	<ul style="list-style-type: none"> - To consider options to reduce the likelihood in moisture contamination - To consider contingency arrangements to be put in place to cover the loss of a contractor - Budgets adjusted to reflect impact - Monthly review of market price fluctuations 		
Current Impact Score	3	Current Likelihood Score	2
Current Risk Matrix	<p style="text-align: center;">8</p> <p style="text-align: center;">Likelihood</p> <p style="text-align: center;">Impact</p>		
Date Reviewed	26-Apr-2017	Next Review Date	26-Oct-2017

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**NORTH HERTFORDSHIRE
DISTRICT COUNCIL**



Annual Report on Risk Management

April 2016 to March 2017

**A progress report on Risk and Opportunity Management at
North Hertfordshire District Council**

Annual Report on Risk Management **2016/17**

1. Summary
2. Background
3. Significant Changes to the Corporate (Top) Risks
4. Risk Appetite
5. Insurance Review
6. Business Continuity
7. Health and Safety
8. Review of the Risk Management Framework at NHDC
9. Achieving the Significant Actions for 2016/17
10. Significant Actions for 2017/18
11. Conclusion
12. Recommendations
13. Definitions
14. Risk Matrix for Corporate Risks as at 31 March 2017

Annual Report on Risk Management

April 2016 to March 2017

1.0 Summary

- 1.1 To provide Full Council with an annual report on risk and opportunities management at NHDC during the financial year 2016/17, as outlined in the Risk and Opportunities Management Strategy.
- 1.2 This report aims to:
- Confirm the Council's ongoing commitment to the management of risks and opportunities to enable the achievement of our objectives, projects, service delivery and performance management.
 - Summarise the significant changes to the Corporate (Top) Risks during the year.
 - Summarise the achievements against the Risk Management Action Plan for 2016/17.
 - Propose a Risk Management Action Plan for 2017/18, in order to maintain the Council's effective and strong risk management processes.

2.0 Background

- 2.1 Throughout 2016/17, the Finance, Audit and Risk Committee received reports on the management of the Council's Corporate (Top) Risks at its meetings. Where necessary, the Finance, Audit and Risk Committee then referred these reports to Cabinet.
- 2.2 The Risk and Opportunities Management Strategy was reviewed in November 2016. The fundamental change was that "Top" risks would now be referred to as "Corporate" risks and there would now be a single set of these risks, rather than separate Cabinet and SMT risks. There were other minor revisions made, such as changing references to the "Performance and Risk Manager" to the "Head of Finance, Performance and Asset Management" and replacing references to "Portfolio Holder" with "Executive Member".
- 2.3 Throughout the year, the Performance Improvement Officer provided ongoing training and support to officers and Members.
- 2.4 On request, the Performance Improvement Officer is able to provide 1:1 sessions to members of the Finance, Audit and Risk Committee, covering topics such as accessing risk register entries on Covalent, the Council's performance and risk management software.
- 2.5 The Deputy Leader and Executive Member for Finance and IT, in his role as the Member "Risk Management Champion", has remained a regular attendee at Risk Management Group meetings.

- 2.6 The former Performance and Risk Manager left the Council in March 2016 and moved to Hertfordshire County Council (HCC). During the year, HCC provided risk management support at a strategic level. This arrangement has now ceased and the risk management function is now delivered and supported by NHDC's Head of Finance, Performance and Asset Management, the Controls, Risk and Performance Manager and the Performance Improvement Officer.
- 2.7 The former Performance and Risk Manager continues to attend Risk Management Group meetings, as HCC delivers the Council's insurance services. This enables the Council to obtain an insight into emerging risks and related issues at HCC and other local authorities in Hertfordshire. The Performance Improvement Officer is a member of ALARM, the national organisation dedicated to supporting risk professionals in the public sector. Membership of ALARM provides training opportunities and enables the sharing of best practice and benchmarking data with other public sector organisations.

3.0 Significant Changes to the Corporate (Top) Risks

- 3.1 As detailed in paragraph 2.2, the Risk and Opportunities Management Strategy was changed so that there is now a single set of "Corporate" risks, rather than two separate sets of Cabinet and SMT "Top" risks. Cabinet owns and monitors the Corporate Risks, as they are risks that require high level of resources to manage and mitigate (such as key projects or risks directly related to the Council's objectives) and need to be managed at a strategic level within the Council.
- 3.2 At each meeting, officers provided the Finance, Audit and Risk Committee with updates on the assessment and management of the Council's Corporate (Top) Risks. Section 14.0 of this report presents a summary risk matrix, which shows the position of each Corporate Risk as at 31 March 2017. The following paragraphs summarise the changes that were reported in the past year.
- 3.3 **Deleted Risks**
The following Corporate (Top) Risks were reviewed and were either deleted or changed to service risks only.
- 3.4 **Development of Careline**
On 13 June 2016, officers reported to the Finance, Audit and Risk Committee that Careline had had a successful first year and that there were more opportunities to "grow" the service. The service had recently been restructured and Hertfordshire County Council (HCC) remained committed to funding Careline. An internal audit had given substantial assurance, providing reassurance to both HCC and NHDC that the relationship was being well managed. In view of this, the "Development of Careline" was no longer considered a Top Risk for the Council. Officers had attached details of the risk entry to the report, which highlighted the work that had been completed to manage the risk. The Finance, Audit and Risk Committee resolved that the "Development of Careline" SMT Top Risk should now be treated as a service risk only.

3.5 **Asset Management**

At the Finance, Audit and Risk Committee meeting on 22 September 2016, officers proposed that the “Asset Management” Top Risk should be deleted, as there were a number of separate risks that covered the key causes highlighted in the risk description (e.g. the “Office Accommodation” and “North Hertfordshire Museum and Hitchin Town Hall Project” Top Risks). In addition, there were service risks covering the risks arising from the disposal of land and assets. The Finance, Audit and Risk Committee recommended to Cabinet that “Asset Management” be removed as a Cabinet Top Risk and Cabinet approved this on 27 September 2016.

3.6 **New Risks**

The following Corporate (Top) Risks were introduced in 2016/17.

3.7 **Waste and Street Cleansing Contract Renewal – Depot/Transfer Station**

On 22 September 2016, the Finance, Audit and Risk Committee recommended to Cabinet that the addition of a new “Depot/Transfer Station” sub-risk to the “Waste and Street Cleansing Contract Renewal” Top Risk be agreed.

The “Waste and Street Cleansing Contract Renewal” Top Risk was already comprised of the following sub-risks:

- Trade Waste
- Waste and Recycling Services for Flats
- Northern Transfer Station and Ancillary Facilities
- Commingled Waste
- Street Cleansing
- Shared Procurement Opportunity
- Sale of Materials

A recent Cabinet report on the Outline Business Case for the renewal of the waste management contract included potential capital expenditure at the Buntingford Depot site. In view of this, a new “Depot/Transfer Station” sub-risk had been proposed. On 27 September 2016, Cabinet approved the addition of the new sub-risk.

3.8 **Income Generation Projects**

On 22 September 2016, the Finance, Audit and Risk Committee recommended to Cabinet that it should approve the addition of a new “Income Generation Projects” Top Risk. This risk described the risks arising from the failure to deliver projects that should generate income for the Council. On 27 September 2016, Cabinet approved the addition of “Income Generation Projects” as a new Top Risk.

3.9 **Cyber Risks**

On 22 March 2017, the Finance, Audit and Risk Committee recommended to Cabinet that it should approve the addition of a new “Cyber Risks” Corporate Risk. Due to several high profile cyber-attacks across the public and private sector, and the current public awareness about cyber security, officers had proposed that this former service level risk should now be designated as a Corporate Risk. Although the Council had very good levels of security in place, it could not mitigate the risks fully. The most likely spread of any virus or download of ransomware would be through an officer or Member inadvertently opening an attachment they received via e-mail. Training in data protection for all was a high-level recommendation in a recent SIAS audit. On 28 March 2017, Cabinet approved the addition of “Cyber Risks” as a new Corporate Risk.

3.10 Risks with Amended Assessments

The regular review of the Council's Corporate (Top) Risks includes an assessment of the impact and likelihood scores. Section 13.0 of this report details the definitions used for assessing scores at NHDC, which ensure a consistent approach to risk scoring.

3.11 Increased Homelessness and Use of Bed and Breakfast

On 22 September 2016, officers reported to the Finance, Audit and Risk Committee that the impact risk score had been reduced from "High" to "Medium" following ongoing work within the Housing Team to reduce the number of households in temporary accommodation. This had resulted in a reduction in the overall risk score from "9" to "7". However, there did need to be an increase in the overall provision of housing within the district to manage the risk in the long-term. On 27 September 2016, Cabinet approved the reduced impact risk score.

3.12 In March 2017, officers reviewed the risk again and reduced the likelihood risk score from "High" to "Medium". This had resulted in a reduction in the overall risk score from "7" to "5". Use of B&B accommodation had consistently reduced over the last year and at the time of the review, there were no homeless households being accommodated in B&B. The current level of homelessness within the district was being managed using available temporary accommodation units. However, officers noted that this is a challenging issue and that demand can be unpredictable. Therefore, the risk will be subject to quarterly reviews. Officers will report this further change to the risk score to the Finance, Audit and Risk Committee on 12 June 2017.

3.13 Waste and Street Cleansing Contract Renewal – Shared Procurement Opportunity

On 22 March 2017, officers reported to the Finance, Audit and Risk Committee that the likelihood risk score of the "Shared Procurement Opportunity" sub-risk had been increased from "Low" to "Medium" due to the time being taken to finalise the specification. This had resulted in an increase to the overall risk score from "6" to "8". The delay had been due to infrastructure and the client management and customer service elements of the contract, following a change to the preferred procurement option in January 2017. The contract would no longer be awarded in line with the original timeframe of May 2017, which might have further impacts on bidders' willingness to participate in the procurement. New timelines would be developed once agreement had been reached on the final scope of the outstanding elements of the specification. Despite the increase in the sub-risk score, the overarching "Waste and Street Cleansing Contract Renewal" Corporate Risk remained at the same assessment level. On 28 March 2017, Cabinet approved the increased likelihood risk score.

4.0 Risk Appetite

4.1 Whether the Council is prepared to accept or wants to reduce a risk is known as its 'risk appetite'. The Council has to take risks in order to evolve and deliver its services. The Council's risk management framework ensures that it recognises and manages the risks that accompany new objectives and opportunities. This does not mean that the Council can or should avoid all risks.

4.2 The Council has a range of different appetites for different risks and these can vary over time. The approval and monitoring of the Council's Corporate Risks by Cabinet via the Finance, Audit and Risk Committee, allows the significant risks the Council is prepared to take to be agreed. Generally, risks with a score of "7" or above exceed the Council's risk appetite. As at 31 March 2017, the following Corporate Risks, which have clear links to the Council's objectives, had a score of "7" or above:

- Local Plan (9)
- Managing the Council's Finances (9)
- North Hertfordshire Museum and Hitchin Town Hall Project (9)
- Cyber Risks (8)
- Waste and Street Cleansing Contract Renewal (8)
- Income Generation Projects (7)
- Office Accommodation (7)
- Sustainable Development (7)

5.0 Insurance Review

- 5.1 The Council transfers some financial risks to its insurers. Public liability insurance provides the Council with insurance cover for claims made by the public for personal injury and/or property damage. These are each subject to a £5,000 excess that is charged to the responsible service area. Areas that have been subject to a claim are identified and wherever possible, action is taken to prevent future damage to property or personal injury.
- 5.2 The Council has received seven claims from the public relating to the policy year 2016/17. Two of these related to damage to property caused by trees, three from trips and falls on Council owned land and two as a result of accidents in play areas. Although claims are made, these are not always successful for the claimant. The Council only makes payments of compensation when there is a proven legal liability. A further three claims relating to damage or injury from the highway were submitted and referred to Hertfordshire County Council (HCC) in the same period. Once again, this was far fewer than the nine received in 2015/16, which may be due to the change made to the insurance claim section on the Council's website that made it clearer that highway claims should be addressed to HCC.
- 5.3 The Council received notice in November 2012 that the Municipal Mutual Insurance (MMI) Scheme of Arrangement was to be triggered. The levy was originally set at 15%. The Council received notification that a further demand would be made in April 2016 and this was for a further 10%. The total levy paid to date is £130,237. Zurich Municipal, on behalf of MMI, will handle any new claims dating back to the period that MMI were the Council's insurers and the Council will have to pay 25% of any settlement. The Council's 2017/18 Financial Risks make provision for any new claims relating to the period MMI was the Council's insurers.
- 5.4 The Council will tender its insurance portfolio in 2017, apart from its liability insurance, as this was tendered in 2016 due to an increase in terms.

6.0 Business Continuity

- 6.1 During 2016/17, the new NHDC Resilience Plan was completed. The Resilience Plan combines NHDC's Emergency Planning and Business Continuity response arrangements into one plan with associated response and support plans.
- 6.2 To assist with Business Continuity preparedness for the office move from the Council Offices to Town Lodge a number of activities were completed, these included:
- Business Impact Assessments were reviewed with services in late 2015 to take into account the move to the temporary accommodation at Town Lodge.

- A programme of service area Business Continuity tabletop exercises was completed in May 2016.
- Senior management briefing given to SMT on Business Continuity issues to consider Business Continuity and arrangements for Emergency Planning for the period of the office move.
- Staff 'Z'Cards were issued for distribution to staff and a newsletter issued via the intranet to increase awareness about the office move and Business Continuity and Emergency Planning.
- Arrangements have been made for an Incident Control Centre secondary centre location in the event that the Town Lodge building is unavailable.

6.3 During 2017/18, the Service/Infrastructure Continuity Plans have been issued to Service Managers for update and following the move back from Town Lodge to the Council Offices a full review of the Business Impact Assessments and Service/Infrastructure Continuity Plans will be carried out to take account of any revisions to business risks.

7.0 Health and Safety

7.1 DSE Training and Assessment

There has been almost 100% completion rate following the introduction of the new DSE training/assessment package following the moves away from the DCO. The four outstanding assessments have been followed up through the Senior Management Team.

7.2 The new package splits the assessments into the following eight risk categories:

- | | |
|-------------------------|-------|
| 1. Environment | (0%) |
| 2. Seating | (4%) |
| 3. Monitor | (0%) |
| 4. Keyboard and Mouse | (0%) |
| 5. Desk Area | (1%) |
| 6. User Comfort | (29%) |
| 7. Laptop Use/Portables | (0%) |
| 8. Other | (5%) |

Depending on the answers given by the officer, the system calculates each user's risks within each category. The system also produces a corporate wide percentage of high risk areas identified within each category (see percentage figures detailed above).

7.3 Corporately, the category with the highest concerns raised is User Comfort and the questions concentrate on physical effects placed on the users whilst using the equipment, i.e. experiencing headaches, aches and pains, stress and eye issues. The system provides suggestions to relevant individuals on how they can overcome any identified issues. If the suggestions do not resolve the highlighted issues, then a DSE assessor visits the officer and provides further advice.

7.4 Eye Tests

The new eye care voucher scheme has been running since 1 June 2016 and a total of 37 vouchers have been issued to date at a cost of £629. This represents a saving of £1,161 based on the previous year's claims (33 claims at a cost of £1,790). There was also an additional five existing claims approved and claimed through SAP after 1 June 2016 start date, which equated to an additional £230, so overall the saving was £1,391.

8.0 Review of the Risk Management Framework at NHDC

- 8.1 The Shared Internal Audit Service (SIAS) undertook a risk management audit in 2016/17. This provided a substantial level of assurance and highlighted the Council's commitment to ensuring that effective risk management underpins all activities and thus supports the Council in achieving its stated objectives. SIAS made two "merits attention" recommendations to enhance risk management processes further.

9.0 Achieving the Significant Actions for 2016/17

- 9.1 The following were considered key milestones for 2016/17, in order to implement and develop the risk management framework at NHDC:

Action	Due Date
To agree degree of support required from HCC for risk management and insurance	30/06/16
Follow up staff training to be provided for specific roles arising from CDM regulations	30/09/16
To undertake internal audit on the risk management arrangements	31/12/16
To implement any recommendations arising from the internal audit on risk management	31/03/17

- 9.2 During the course of 2016/17, the Council saw the gradual withdrawal of risk management support provided by Hertfordshire County Council's (HCC) Risk and Insurance Manager who was formally the Performance and Risk Manager at the Council. As detailed in Paragraph 2.6, the Council's Finance, Performance and Asset Management service now delivers the risk management function. However, responsibility for managing risks ultimately remains with the relevant service managers and heads of service. HCC continues to deliver the Council's insurance services. NHDC will continue to review with HCC how it provides services to us, in order to manage costs and improve resilience.
- 9.3 The employing contractors section of the intranet has been updated to include the requirement to ensure all contractors selected are competent to carry out any works procured. Guidance notes, procedures and accreditation forms have also been added to the site. Client and Designer training for managing contracts/works under the CDM regulations has been identified and will be rolled out in the medium term.
- 9.4 As detailed in Paragraph 8.1, the Shared Internal Audit Service (SIAS) undertook a risk management audit in 2016/17. SIAS produced the Final Internal Audit Report in March 2017.
- 9.5 The Final Internal Audit Report included two "merits attention" recommendations to enhance risk management processes further. Both recommendations, relating to the Performance Improvement Officer's job description/person specification and communication of the current risk management arrangements, are scheduled to be completed by 31 May 2017.

10.0 Significant Actions for 2017/18

- 10.1 The implementation of the following key actions in 2017/18 will ensure the continued development of the risk management framework at NHDC during the year and beyond:

Action	Due Date
To implement the two recommendations arising from the SIAS internal audit of risk management	31/05/17
To review the structure of the Risk Management Group following publication of the details of the corporate restructure and to make any required changes to the group's Terms of Reference	Dependent on the timing of the corporate restructure

11.0 Conclusion

- 11.1 The Council continued to maintain robust risk management practices throughout 2016/17, evidenced through the changes made to the Corporate Risks summarised in this report. The outcome from the Council's risk management framework is to have a better understanding of the risks and opportunities it faces and to determine the most effective way to manage or exploit them. By employing these techniques, the Council is more risk aware.

12.0 Recommendations

- 12.1 Full Council notes the continuing strong processes of the risk management framework at NHDC that supports the Council's governance framework.
- 12.2 Full Council notes the changes to the Council's Corporate Risks in 2016/17.

13.0 Definitions

The following are the definitions of likelihood and impact used in NHDC's Risk Management Framework.

Likelihood

1. Low	The event is unlikely to occur within the next 12 months.
2. Medium	The event will occur on more than one occasion (two to three times) within the next 12 months.
3. High	The event will occur on numerous occasions (four or more times) within the next 12 months

Impact

Severity of Impact Guide							
Score	General	Personal Safety	Service Disruption	Financial Loss £	Project Delay	Impact on Stakeholders /Environment	Reputation
1. Low	Consequences will not be severe and associated losses will be small	Minor injury (first aid)	Negligible affect on service provision but may have a more significant cumulative affect if action is not taken	Up to £10,000	Delivery of project delayed by weeks	No impact on stakeholders Minor damage to local environment	Minimal reputation damage (local press article)
2. Medium	Will have a noticeable affect on services	Injury (external medical treatment required)	Will cause a degree of disruption to service provision and impinge on budgets	Medium financial loss £10,000 to £100,000	Delivery of project may be delayed by months	Some impact to stakeholders Moderate damage to local environment	Coverage in national tabloid press
3. High	Can have a catastrophic affect	Serious injury or loss of life	May result in significant financial loss or major service disruption	Major financial loss exceeding £100,000	Delivery of project no longer attainable	Significant impact on stakeholders Major damage to local environment	Extensive coverage in national press/national TV item

14.0 Risk Matrix for Corporate Risks as at 31 March 2017

Summary Matrix

Likelihood	3 High	4	7 <ul style="list-style-type: none"> • Income Generation Projects • Office Accommodation • Sustainable Development (2 x Sub Risks) 	9 <ul style="list-style-type: none"> • Local Plan • Managing the Council's Finances • North Hertfordshire Museum and Hitchin Town Hall Project
	2 Medium	2	5 <ul style="list-style-type: none"> • Increased Homelessness and Use of B&B • Workforce Planning 	8 <ul style="list-style-type: none"> • Cyber Risks • Waste and Street Cleansing Contract Renewal (8 x Sub Risks)
	1 Low	1	3	6
		1 Low	2 Medium	3 High
		Impact		

CABINET
13 JUNE 2017

***PART 1 – PUBLIC DOCUMENT**

*

AGENDA ITEM No.

7

TITLE OF REPORT: STRATEGIC PLANNING MATTERS

REPORT OF THE STRATEGIC DIRECTOR OF PLANNING AND ENTERPRISE

EXECUTIVE MEMBER: COUNCILLOR DAVID LEVETT

1. EXECUTIVE SUMMARY

1.1 The purpose of this report is to inform Members of the current positions regarding:

- Duty to Co-operate with neighbouring authorities
- Other Local Plans and Examinations
- North Hertfordshire Local Plan
- Neighbourhood Plans
- Government announcements

2. RECOMMENDATIONS

2.1 That the report on strategic planning matters be noted.

3. REASONS FOR RECOMMENDATIONS

3.1 To keep Cabinet informed of recent developments on strategic planning matters and progress on the North Hertfordshire Local Plan.

4. ALTERNATIVE OPTIONS CONSIDERED

4.1 None.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

5.1 The Executive Member for Planning and Enterprise has been kept informed on the matters set out above.

6. FORWARD PLAN

6.1 This report does not contain a recommendation on a key decision and has not been referred to in the Forward Plan.

7. BACKGROUND

- 7.1 Members will be aware of, and familiar with, many of the issues surrounding the strategic planning matters referred to in paragraph 1.1 above. This report is intended to provide Members with the current positions on these matters.

8. RELEVANT CONSIDERATIONS

8.1 Duty to Co-operate with neighbouring authorities

- 1.1.1 The Cabinet will recall that at its meeting in March 2016, it agreed to delegate responsibility to the Head of Planning and Building Control, in consultation with the Executive Member for Planning and Enterprise to enter into formal Memoranda of Understanding (MoU) or Statement of Common Ground (SoCG) between North Hertfordshire District Council and other prescribed bodies under the Duty to Co-operate.
- 8.1.2 Memoranda have previously been agreed with other authorities in relation to their own plans and reported to Cabinet. As the Council approaches the examination of its own plan (see 8.3 below), it is important to reach agreement with neighbouring authorities and other duty to Co-operate bodies. A number of MoUs or equivalent have been agreed or are under discussion and will be submitted to any appointed Inspector as part of the examination submission documents. These are listed in the Table1 below:
- 8.1.3 Table 1: List of existing and emerging agreements with relevant bodies

Authority/Organisation	Status
Central Bedfordshire District Council	MoU agreed
South Cambridgeshire District Council	SoCG agreed *
Uttlesford District Council	MoU agreed
East Hertfordshire District Council	MoU agreed
Stevenage Borough Council	MoU agreed *
Welwyn Hatfield Borough Council	MoU agreed
St. Albans City & District Council	MoU under consideration
Luton Borough Council	SoCG under consideration *
Aylesbury Vale District Council	MoU under consideration
Hertfordshire County Council – Environment	MoU in preparation
Hertfordshire County Council – Highways	MoU agreed
Hertfordshire County Council – Education	MoU to be prepared
Environment Agency	MoU agreed
Thames Water	MoU agreed
Anglian Water	MoU agreed
Natural England	MoU in preparation
Historic England	To be prepared
Highways England	To be prepared

Authority/Organisation	Status
Hertfordshire Local Enterprise Partnership	MoU agreed
Greater Cambridge, Greater Peterborough Local Enterprise Partnership	MoU under consideration

NOTES:

*Previous agreement (also) signed in relation to authority or organisation's own plan
 In preparation = agreement between bodies to prepare with detailed wording currently being negotiated;
 under consideration = NHDC has asked body to enter into an agreement and awaiting response;
 to be prepared = NHDC intend to (seek to) prepare an agreement

8.1.4 Any further updates will be reported to Cabinet at the meeting and on an on-going basis through these reports.

8.2 Other Plans and Examinations

8.2.1 **East Hertfordshire** and **Welwyn Hatfield** Councils are progressing their plans to broadly similar timetables to North Hertfordshire and have both submitted their plans to the Secretary of State for examination. They are yet to be advised by PINS of their examination hearings.

8.2.3 In terms of **Luton's** local plan, an interim Inspector's report has been published together with some suggested 'proposed main modifications' to the pre-submission plan arising from their public examination hearings held July 2016 to January 2017. The 'proposed main modifications' were consulted on from 10 April to 26 May 2017. North Herts has prepared a response to the main modification in respect to transport matters. See copy of response attached at Appendix A. The consultation on the main modifications can be viewed on Luton's website at:

<http://www.luton.gov.uk/Environment/Planning/Regional%20and%20local%20planning/local-plan-exam/Pages/default.aspx>

8.2.4 As previously reported, the main hearing sessions into the examination of **Stevenage's** Local Plan have concluded. A consultation on the 'proposed main modifications' to the pre-submission plan is due to commence on Monday 12 June 2017 for a period of six weeks.

8.2.5 Officers will review the modifications to determine any implications for the District or for North Hertfordshire's own Local Plan. If required, a response will be prepared under the Executive Member's delegated powers and reported to Cabinet in due course.

8.2.6 As previously reported, **St Albans** have been advised that the High Court will hold a 'rolled up hearing' upon their application to judicially review the Inspector's conclusion that their strategic local plan failed to meet the legal requirements under the duty to co-operate on their Strategic Local Plan. The hearing is expected as soon as possible after 06 June 2017 with a time estimate of 2 days. If permission to apply for Judicial Review is granted at that hearing, the Court will proceed immediately to determine the substantive claim.

8.2.7 Any verbal updates will be provided at the meeting of the Cabinet.

8.3 North Hertfordshire Local Plan

- 8.3.1 Full Council agreed the submission of the Local Plan to the Secretary of State (SoS) for independent examination at their meeting on 11 April 2017. The report to Full Council identified that officers would make final preparations in consultation with the Executive Member for the submission of the Plan.
- 8.3.2 Officers are in the process of completing the final documentation on the Plan to be submitted to the SOS' Planning Inspectorate. The submission documents, which include the plan and all of the supporting evidence base, will be made available on the Council's website.
- 8.3.3 A verbal update regarding submission of the Plan will be provided at the meeting.
- 8.3.4 Dates and a venue for the examination will be announced in due course once the Inspector has been appointed and has completed an initial appraisal of the plan.
- 8.3.5 The Council has appointed a Programme Officer, Louise St. John Howe, for the duration of the examination. The Programme Officer works independently of the Council and acts as the administrative liaison between the Inspector, the Council and the respondents to the plan.
- 8.3.6 Ms St. John Howe has filled a similar role in the recent examinations of a number of nearby Local Plans including Luton and Stevenage. Contact details for the Programme Officer will be provided on the Council's website.

8.4 Neighbourhood Plans

- 8.4.1 As previously reported, consultation on the Pirton Neighbourhood Plan took place between 9 February and 23 March 2017. Some 205 representations were received. These have been collated and will be considered by an independent examiner before a referendum on the neighbourhood plan can be held. The Council, in consultation with Pirton Parish Council, is in the process of appointing an inspector.
- 8.4.2 An application by Bygrave Parish Council to designate Bygrave Parish, Clothall Parish and the unparished area of Baldock as a neighbourhood planning area has been received and will be consulted on for four weeks from 9 June 2017. Outcomes from the consultation will be reported to Cabinet in July.
- 8.4.3 Wymondley Parish Council formally submitted their neighbourhood plan in March 2017, for public consultation. Officers have checked the documentation against the Neighbourhood Planning (General) Regulations 2012 (as amended) and are satisfied that these comply with the Regulations. The Regulations state that as soon as possible after receiving a plan proposal which includes each of the requisite documents, the local planning authority must undertake consultation on that plan.
- 8.4.4 Delegated officer approval to undertake public consultation on the Wymondley Neighbourhood Plan proposed submission document is being sought. The anticipated dates of the consultation will be verbally reported at the meeting. This does not preclude the Council from making its own representation to the plan during the consultation.
- 8.4.5 Any verbal updates on neighbourhood planning issues will be reported at the meeting.

8.5 Government Announcements

- 8.5.1 North Hertfordshire contributed to a joint response by all the Hertfordshire authorities to the consultation on the DCLG - **The Housing White Paper 'Fixing our Broken Housing Market'** published in February 2017. This paper sets out a number of proposed changes to the plan-making process and planning system more generally. The joint response is attached at [Appendix B](#).
- 8.5.2 The National Infrastructure Commission's (NIC's) have published a discussion paper on strategic planning and governance in the Cambridge/Milton Keynes/Oxford Corridor. North Herts, along with Stevenage and East Herts, was identified in the NIC interim report last year as falling within the geographical scope of this corridor. Although the current discussion paper doesn't provide a fixed geographical definition, it does talk of "c.30 authorities" which would correspond with this area (i.e. including NHDC).
- 8.5.3 The discussion paper makes reference to the idea of a non-statutory strategic plan for the period to 2050 along with suggestions about greater collaborative working amongst the various authorities. Being included within the geographical scope of the corridor could provide potential opportunities for North Herts, such as giving better access to, or leverage for, longer-term funding opportunities to pursue the new settlement programme and / or infrastructure improvements. The Head of Planning and Building Control is presently attending meetings chaired by Central Bedfordshire looking into collaborative working within the Corridor. Currently there have been no invitations to participate in the respective Corridor Leader and Chief Executive Groups, officers are seeking to resolve this omission.
- 8.5.4 The discussion document can be found on the following link.
<https://www.gov.uk/government/consultations/strategic-planning-and-governance-in-the-cambridge-milton-keynes-oxford-corridor>
- 8.5.5 The **Neighbourhood Planning Bill** received Royal Assent on 27 April 2017 and is now an Act. The publication of the Regulations is yet to be announced and will be reported on once received.

9. LEGAL IMPLICATIONS

- 9.1 Under the Terms of Reference for Cabinet Paragraph 5.6.18 of the Constitution states that the Cabinet should exercise the Council's functions as Local Planning Authority except where functions are reserved by law to the responsibility of the Council or delegated to the Strategic Director of Planning, Housing and Enterprise.
- 9.2 The preparation of plans, up to and including the approval of the proposed submission documents, are Cabinet matters. Submission of the draft Local Plan to the Secretary of State for Examination and final adoption of Local Plan documents shall be a matter for Full Council.
- 9.3 Section 110 of the Localism Act 2011 sets out (by amendment to the Planning & Compulsory Purchase Act 2004) the duty to co-operate between local planning authorities and other prescribed bodies, to maximise the effectiveness in the preparation of development plan and other local development plan documents, so far as they relate to a strategic nature. These bodies should consider if they are able to work together jointly on such matters and must have due regard to any guidance given by the Secretary of State.
- 9.4 The Localism Act 2011 provided a new statutory regime for neighbourhood planning. The Neighbourhood Planning (General) Regulations 2012 (as amended) make

provisions in relation to that new regime. It does amongst other things set out the Council's responsibility (as the Local Planning Authority) in assisting communities in the preparation of neighbourhood development areas, plans and order and to take plans through a process of examination and referendum.

10. FINANCIAL IMPLICATIONS

- 10.1 The costs of preparing the Local Plan are covered in existing approved revenue budgets for 2016/17 and 2017/18
- 10.2 The Department of Communities and Local Government (DCLG) has allocated funding until March 2017 to assist local planning authorities to meet the legislative duties in relation to neighbourhood plans.
- 10.3 Previously, the Council had been able to claim financial assistance upon designation of a neighbourhood planning area or neighbourhood forum. However, this funding was limited to the first ten designations. This threshold has been exceeded in North Hertfordshire and there will be no immediate additional funding should the Bygrave Parish Council application proceed.
- 10.4 Previously, the local planning authority could claim £20,000 once a neighbourhood plan has gone through a successful examination process and a date has been set for a referendum. The costs of public consultation and any subsequent examination will have to be met before a claim can be made for financial assistance from DCLG. DCLG have advised that this funding will continue for 2017/2018 and will be making a further announcement on funding for neighbourhood planning after the end of March 2018. Any announcement is unlikely before February 2018. As a result of this uncertainty a financial risk has been established for Neighbourhood Planning.

11. RISK IMPLICATIONS

- 11.1 No direct risk implications from this report but Sustainable Development of the District and the Local Plan are both Cabinet Top Risks. The Sustainable Development of the District has a sub-risk that covers the risks arising from the duty to co-operate with neighbouring authorities. The risks and opportunities arising from the Neighbourhood Planning Act will be formally identified and assessed.

12. EQUALITIES IMPLICATIONS

- 12.1 In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2 There are not considered to be any direct equality issues arising from the contents of this report. Any future individual schemes and potential impacts may be subject to review to ensure that their compliance with equality legislation. The duty to cooperate ensures that public bodies are to engage constructively to maximise the effectiveness of the Local Plan and therefore benefit the residents of their communities.
- 12.3 There are not considered to be any direct equality issues arising from this report. Future individual schemes or considerations may well be subject to appropriate review to ensure they comply with latest equality legislative need. Any risks and opportunities identified will also be subject to assessment for impact on those that share a protected characteristic.

13. SOCIAL VALUE IMPLICATIONS

- 13.1 As the recommendations made in this report do not constitute a public service contract, the measurement of 'social value' as required by the Public Services (Social Value) Act 2012 need not be applied, although equalities implications and opportunities are identified in the relevant section at Paragraph 12.

14. HUMAN RESOURCE IMPLICATIONS

- 14.1 There are no new human resource implications arising from the contents of this report. Permanent recruitment to a vacant graduate-entry post within the planning policy team is complete.

15. APPENDICES

- 15.1 Appendix A – Copy of NHDC response to Luton Borough Council on the 'proposed main modifications' to their Pre-submission Local Plan.
- 15.2 Appendix B – Hertfordshire Infrastructure & Planning Panel (HIPP) joint response to consultation on DCLG The Housing White Paper 'Fixing our broken Housing Market'.

16. CONTACT OFFICERS

- 16.1 Louise Symes, Strategic Planning & Projects Manager
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17. BACKGROUND PAPERS

- 17.1 Strategic Planning Matters Reports to Cabinet on 26 July 2016, 27 September 2016, 22 November 2016, 20 December 2016, 24 January 2017 and 28 March 2017.
- 17.2 Full Council Report 11 April 2017 – North Hertfordshire Local Plan 2011-2031.

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Correspondence address:

PO Box 10613, NG6 6DH
Telephone: (01462) 474000
Text Phone: (01462) 474800



9 May 2017

Luton Borough Council
Strategic Planning
Town Hall,
George Street
Luton

Our Ref: LP14
Your Ref:

Contact Officer: David Hill
Direct Line: 01462 474453
E-mail: david.hill@north-herts.gov.uk

Dear Sir / Madam,

Luton BC Proposed Main Modification Consultation - North Hertfordshire District Council Response

Thank you for providing North Hertfordshire District Council the opportunity to comment on the Proposed Main Modifications to the Luton Local Plan. The district council has only commented on those main modifications it considers to be relevant.

The district council strongly supports the identification of an increase in capacity within the Luton borough boundary to accommodate additional housing provision. This has the effect of reducing the requirement for provision of unmet need outside the borough boundary within the wider housing market area (HMA).

Whilst there is no desire to increase the delay to delivery and adoption of the plan there is, however, a knock-on issue with regards to transport infrastructure capacity and its potential impact on the site to the east of Luton identified in our emerging local plan. Further transport modelling of this increased capacity scenario is needed to ensure that transport infrastructure can accommodate both the growth requirements within Luton's and North Hertfordshire's local plans. The same is also true with regards to the relocation of the football club into the centre of town and other modifications in relation to the employment strategy in the plan. These potential impacts on the road network have not yet been modelled. NHDC is keen to work jointly on this matter going forward so that both local plans can be advanced in a timely manner to a positive conclusion.

In this regard NHDC supports MM06 identifying the requirement to work collaboratively with neighbouring authorities to ensure that unmet need is provided in "appropriate locations". Work identified through the respective statements of common ground illustrates the positive outcomes and collaborative work that has occurred so far.

The district council also supports the pro-rata split of the housing requirement (MM09) within the HMA and specifically within North Hertfordshire as it reflects our

NORTH HERTFORDSHIRE DISTRICT COUNCIL

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understanding of need within that part of the district as stated in our Proposed Submission Local Plan (2016).

NHDC supports the early review policy LP40 in MM56 as by 2021 there will be clarification relating to the locations of growth outside of the borough boundary and the locations for unmet need are likely to be more certain.

Please find attached three response forms in relation to specific issues.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'D Levett', with a horizontal line extending to the right.

Cllr David Levett
Executive Member for Planning and Enterprise

**Luton Local Plan 2011 – 2031:
Proposed Main Modifications to the Pre-Submission Plan Arising From Public Examination Hearings Held July 2016 to January 2017**

Representation Form

Please return to the Strategic Planning Team by 5pm 26th May 2016
By post to: FREEPOST Luton Borough Council, Strategic Planning
By e-mail to: strategicplanningteam@luton.gov.uk

This form has two parts –
 Part A – Personal Details (You need only submit one copy of Part A)
 Part B – Your representation(s). **Please submit a separate sheet** for each representation you wish to make.

Part A – Submit only one copy of this

1. Personal Details*

2. Agent's Details (if applicable)

**If an agent is appointed, please complete only the Title, Name, Organisation and asterisked boxes below but complete the full contact details of the agent in 2.*

Title	Cllr	
First Name	David	
Last Name	Levett	
Job Title (where relevant)	Executive Member for Planning and Enterprise	
Organisation (where relevant)	North Hertfordshire District Council	
Address Line 1*	Town Lodge	
Address Line 2	Gernon Road	
Post Town*	Letchworth Garden City	
County	Hertfordshire	
Post Code*		
Telephone Number	(01462) 474453	
E-mail Address	David.hill@north-herts.gov.uk	

Part B – Please use a separate sheet for each representation

Name or Organisation : North Hertfordshire District Council

3. Please give the number of the proposed main modification your comment relates to.

Main Modification

MM02, MM09,
MM12, MM27 and
MM32

4. Do you believe the modification is :

- | | | | | |
|-----------------------|-----|-------------------------------------|----|-------------------------------------|
| (1) Legally compliant | Yes | <input checked="" type="checkbox"/> | No | <input type="checkbox"/> |
| (2) Sound | Yes | <input type="checkbox"/> | No | <input checked="" type="checkbox"/> |

If you have entered No to 4.(2), continue with Q5, otherwise please go straight to Q6

5. Choose **one** option. The modification is **unsound** because it is:

- | | |
|---|-------------------------------------|
| (1) NOT Positively Prepared (it is not a strategy which seeks to meet objectively assessed development and infrastructure requirements) | <input type="checkbox"/> |
| (2) NOT Justified (it is not the most appropriate strategy, when considered against the reasonable alternatives, based on a proportionate evidence base) | <input checked="" type="checkbox"/> |
| (3) NOT Effective (the plan is not deliverable over its period and based on effective joint working on cross-boundary strategic priorities) | <input checked="" type="checkbox"/> |
| (4) NOT Consistent with national policy | <input type="checkbox"/> |

6. Please give details of why you consider the modification **is** or **is not** legally compliant or sound. Please be as precise as possible.

Whilst the district Council supports the increase in capacity of the borough there has been no transport modelling undertaken and so there is no understanding of the increase's potential impact on the site to the east of Luton identified in our emerging local plan.

Further transport modelling of this increased capacity scenario is needed to ensure that transport infrastructure can accommodate both the growth requirements within Luton's and North Hertfordshire's local plans.

(Continue on a separate sheet if necessary)

7. Please set out what change(s) you consider necessary to make the modification legally compliant or sound. Please have regard to any answer you have given at 5 and 6 above. You will need to say why this change will make the modification legally compliant or sound. It will help if you are able to suggest revised wording of any policy or text.

Further transport modelling of housing numbers and sites.

Please note your representation should cover all the information, evidence and supporting information necessary to support and justify both your comment and any suggested change. There will not normally be any further opportunity to expand on your comment at this stage.

8. Do you wish to be notified of any of the following? Please mark all that apply.

(a) when the Inspector's Report is published

X

(b) when the Local Plan is adopted

X

Please note that all comments will be held by the Council and will be available for public inspection under the Freedom of Information Act 2000. Only names, post towns and comments will be made available as part of reports made in electronic formats.

9. Signature:



Date:

9 May 2017

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1. Personal Details*

2. Agent's Details (if applicable)

**If an agent is appointed, please complete only the Title, Name, Organisation and asterisked boxes below but complete the full contact details of the agent in 2.*

Title	Cllr	
First Name	David	
Last Name	Levett	
Job Title (where relevant)	Executive Member for Planning and Enterprise	
Organisation (where relevant)	North Hertfordshire District Council	
Address Line 1*	Town Lodge	
Address Line 2	Gernon Road	
Post Town*	Letchworth Garden City	
County	Hertfordshire	
Post Code*		
Telephone Number	(01462) 474453	
E-mail Address	David.hill@north-herts.gov.uk	

Part B – Please use a separate sheet for each representation

Name or Organisation : North Hertfordshire District Council

3. Please give the number of the proposed main modification your comment relates to.

Main Modification

MM19, MM15 and MM18

4. Do you believe the modification is :

(1) Legally compliant

Yes

No

(2) Sound

Yes

No

If you have entered No to 4.(2), continue with Q5, otherwise please go straight to Q6

5. Choose **one** option. The modification is **unsound** because it is:

(1) **NOT** Positively Prepared (it is not a strategy which seeks to meet objectively assessed development and infrastructure requirements)

(2) **NOT** Justified (it is not the most appropriate strategy, when considered against the reasonable alternatives, based on a proportionate evidence base)

(3) **NOT** Effective (the plan is not deliverable over its period and based on effective joint working on cross-boundary strategic priorities)

(4) **NOT** Consistent with national policy

6. Please give details of why you consider the modification **is** or **is not** legally compliant or sound. Please be as precise as possible.

Changes to the employment strategy in the plan have not been assessed by updated transport modelling, Therefore the transport implications of the new changes are not known, especially in combination with additional housing capacity within the borough boundary and the site to the East of Luton as identified in the NHDC Local Plan.

(Continue on a separate sheet if necessary)

7. Please set out what change(s) you consider necessary to make the modification legally compliant or sound. Please have regard to any answer you have given at 5 and 6 above. You will need to say why this change will make the modification legally compliant or sound. It will help if you are able to suggest revised wording of any policy or text.

Further transport modelling of new employment strategy in combination with increased housing capacity.

Please note your representation should cover all the information, evidence and supporting information necessary to support and justify both your comment and any suggested change. There will not normally be any further opportunity to expand on your comment at this stage.

8. Do you wish to be notified of any of the following? Please mark all that apply.

(a) when the Inspector's Report is published

X

(b) when the Local Plan is adopted

X

Please note that all comments will be held by the Council and will be available for public inspection under the Freedom of Information Act 2000. Only names, post towns and comments will be made available as part of reports made in electronic formats.

9. Signature:



Date:

9 May 2017

**Luton Local Plan 2011 – 2031:
Proposed Main Modifications to the Pre-Submission Plan Arising From Public Examination Hearings Held July 2016 to January 2017**

Representation Form

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By post to: FREEPOST Luton Borough Council, Strategic Planning
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 Part B – Your representation(s). **Please submit a separate sheet** for each representation you wish to make.

Part A – Submit only one copy of this

1. Personal Details*

2. Agent's Details (if applicable)

**If an agent is appointed, please complete only the Title, Name, Organisation and asterisked boxes below but complete the full contact details of the agent in 2.*

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First Name	David	
Last Name	Levett	
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Organisation (where relevant)	North Hertfordshire District Council	
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Post Code*		
Telephone Number	(01462) 474453	
E-mail Address	David.hill@north-herts.gov.uk	

Part B – Please use a separate sheet for each representation

Name or Organisation : North Hertfordshire District Council

3. Please give the number of the proposed main modification your comment relates to.

Main Modification

4. Do you believe the modification is :

(1) Legally compliant	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
(2) Sound	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>

If you have entered No to 4.(2), continue with Q5, otherwise please go straight to Q6

5. Choose **one** option. The modification is **unsound** because it is:

- (1) **NOT** Positively Prepared (it is not a strategy which seeks to meet objectively assessed development and infrastructure requirements)
- (2) **NOT** Justified (it is not the most appropriate strategy, when considered against the reasonable alternatives, based on a proportionate evidence base)
- (3) **NOT** Effective (the plan is not deliverable over its period and based on effective joint working on cross-boundary strategic priorities)
- (4) **NOT** Consistent with national policy

6. Please give details of why you consider the modification **is** or **is not** legally compliant or sound. Please be as precise as possible.

Whilst the intention behind the additional wording in this modification is understood, the district council is not keen on the phraseology used. Suggesting that alternative parts of North Hertfordshire are more appropriate than other locations much closer to Luton is not considered appropriate.

The caveat at the end of the sentence suggests that other areas outside of the HMA are also appropriate, however simply because part of the district is within the HMA, does not mean that the remainder of the district is appropriate should the “net need to be cast wider”. A more simple way of phrasing this sentence may be “*Only in the event of joint work failing to meet the scale of objectively set housing needs within the functional Luton HMA would areas beyond the HMA need to be considered.*” This negates the need to identify specific areas and locations.

7. Please set out what change(s) you consider necessary to make the modification legally compliant or sound. Please have regard to any answer you have given at 5 and 6 above. You will need to say why this change will make the modification legally compliant or sound. It will help if you are able to suggest revised wording of any policy or text.

Amend text at the end of MM10 to *“Only in the event of joint work failing to meet the scale of objectively set housing needs within the functional Luton HMA would areas beyond the HMA need to be considered.”*

Please note your representation should cover all the information, evidence and supporting information necessary to support and justify both your comment and any suggested change. There will not normally be any further opportunity to expand on your comment at this stage.

8. Do you wish to be notified of any of the following? Please mark all that apply.

(a) when the Inspector’s Report is published

X

(b) when the Local Plan is adopted

X

Please note that all comments will be held by the Council and will be available for public inspection under the Freedom of Information Act 2000. Only names, post towns and comments will be made available as part of reports made in electronic formats.

9. Signature:



Date:

9 May 2017

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Councillor Mandy Perkins Chair, HIPP c/o Welwyn Hatfield Borough Council, Council Offices, The Campus, Welwyn Garden City, Hertfordshire AL8 6AE

BY EMAIL

To: planningpolicyconsultation@communities.gsi.gov.uk

28 April 2017

Dear Sir/Madam,

‘FIXING OUR BROKEN HOUSING MARKET’ CONSULTATION

I write on behalf of the Hertfordshire Infrastructure and Planning Partnership (HIPP) that represents all ten District/Borough Councils and the County Council in Hertfordshire.

Our response focuses on the planning elements of the Housing White Paper (HWP) that affect the county as a whole, as this reflects the remit of HIPP. Individual authorities will be submitting separate comments if they wish to highlight issues related to their housing function, or make more detailed observations on the document as a whole.

Whilst many of the proposed changes to the planning system contained within the HWP are welcomed, HIPP are concerned about some elements, as outlined below. HIPP wishes to reinforce its support for the principle of the plan-led system, and is concerned that a number of proposals within the HWP undermine this key principle. HIPP would also like to make clear that whilst it welcomes the recognition in the HWP’s title that the current housing market is failing, it is critical that the remedy for this is clearly and reasonably split between local planning authorities (LPAs), housebuilders and others who influence the wider housing market. The HWP as currently written has an unfair proportion of proposals aimed at LPAs; many of which we do not have the required tools or resources to deliver.

HIPP also request Government to give far greater consideration to the financial and technical support LPAs (and infrastructure providers, such as the County Council) will need to deliver the envisaged step change in housing provision. Preparing and reviewing plans on a 5 year cycle risks undermining the ability to appropriately plan and deliver infrastructure needs linked to such key sites (this could lead to unintended knock on impacts and delays in housing delivery).

Skills and Resources

- The acknowledgement that planning departments need to be better resourced to meet future challenges is welcomed. However, concerns are raised that the 20% rise in planning fees will not be sufficient to enable this. Local planning authorities within Hertfordshire would welcome the ability to set fees on a more local basis, to enable greater costs recovery and help speed up the determination process. Clarification is also required regarding who would receive the proposed fee income from appeals (Q18). This must be directed to the LPAs and be sufficient to cover the often significant amount of Office time involved.
- There have been very low numbers of planners joining the profession in recent years and this is reflected in a shortage of planners in many areas, including Hertfordshire. In conjunction with any changes to the planning system, Government is encouraged to support initiatives to recruit further appropriately skilled people into the planning profession.

Plan Making:

- The greater emphasis placed by the HWP on strategic-level planning is supported and is something that HIPP is currently considering how best to take forward within Hertfordshire (Q1a). However, it is disappointing that the expectations of Government regarding how LPAs should take forward joint working and what is required to comply with the Duty to Co-operate are not more explicit. Should any authorities choose to progress joint strategic plans in the future, these should not be required to meet all of the tests of paragraph 156 of the NPPF, as this would require too much detail. It should be for groups of authorities to choose what they plan for jointly and the other strategic items may be planned for at a local area level. This approach is being taken forward elsewhere (e.g. in the west of England), where a joint plan sets out the overall strategy, supplemented by individual LPA plans covering more detailed matters. It would be helpful for the Government to publicly highlight (e.g. through NPPG) the positive value non-statutory frameworks have in effective strategic planning and as a step towards more formal ways of working.
- Plan preparation is a very complex and expensive process for local authorities. Whilst up-to-date plans need to be maintained, the suggestion that plans should be reviewed every five years would be very difficult to achieve without some simplification of the current plan-making system. It is also unclear if the expectation is that plans would be reviewed in their entirety over this timeframe, or if the reference solely relates to those elements relating to housing need and supply. Clarity is also required regarding what the term 'review' means. Does this mean that the process of plan review must have commenced within 5 years of the previous document's adoption, or does it need to have been completed within this timeframe. The latter would be almost impossible to achieve for most LPAs and would also have serious resource implications for the County Council in terms of providing support to ten LPAs as local education and local highway authority.

- Proposals to revise the National Planning Policy Framework to tighten the definition of what evidence is required to support a 'sound' plan and introduce more proportionate consultation and examination procedures are welcomed. If plans are to be reviewed every 5 years, these requirements cannot be too onerous. The suggestion put forward by the Planning Officer's Society that key stakeholders, such as Sport England, could play a role in developing the necessary technical evidence to inform plans is supported by HIPP. NHS Trusts / Clinical Commissioning Groups, water companies and other infrastructure providers should also be encouraged to prepare evidence, as liaison with such organisations through the DtC is often challenging.
- HIPP would also welcome clarity regarding the future role and scope of the Sustainability Appraisal process that supports plan-making. LPEG's suggested a streamlined approach which has not been reflected in the HWP. The experience of most LPAs is that the SA process rarely adds additional rigour to plan-making, and its role is often misunderstood by local communities.

Establishing Need:

- Great care needs to be taken to properly distinguish between development 'need,' 'requirements' and 'targets.' HIPP supports the current approach, where needs are assessed first and then, where appropriate, adjustments are made to reflect local circumstances before arriving at an appropriate target. The HWP as currently drafted uses these three terms rather interchangeably and is somewhat unclear and inconsistent as to whether this current approach will continue, or the emphasis will change in some way. This inconsistency needs to be resolved.
- It is important that the planned consultation on a standard methodology for calculating Objectively Assessed Housing Need (OAHN) (Q3b) is issued as soon as possible. A number of authorities are due to update their technical work and would like an indication of what this approach is likely to entail. Other LPAs in the county are at critical stages in their plan-making and need to understand the potential implications, and what any transitional arrangements might be. In advance of publication of the proposed standard HIPP would direct Government to the responses made by Hertfordshire authorities to the methodology put forward to LPEG. This includes concerns about the inclusion of an apparently arbitrary 20% uplift to take account of local affordability, the potential scope for double counting and the fact that proposed calculations is effectively linked to an overheated national housing market and the close proximity of this area to London, and resolving such issues is beyond the gift of any one (or group of) authorities to repair.

Delivery:

- HIPP welcomes the focus on delivering housing, although it is important to highlight the importance of planning for employment, community uses and infrastructure as well as housing and that these also need to appropriately funded and delivered in a timely manner.
- Concerns are raised about the proposed Housing Delivery Test (HDT) – both in terms of how onerous this would be for planning departments to comply with, and also that fact that it appears to give local authorities further responsibilities without also proving the necessary tools to bring about the required changes. It is unfair for LPAs to be penalised for slow build-out rates, when this is controlled by housebuilders and influenced by wider market conditions. The suggestions within the HWP e.g. the ability for local authorities to shorten the timescales for developers to implement a permission for housing development from three years to two years (Q25) and to make it easier to serve completion notices (Q26) will assist, but are unlikely to be sufficiently robust tools. Full consideration must however be taken of the need for infrastructure to be delivered in a timely manner to support development, and for appropriate resources to be available to fund this. There must also be a clear and commonly applied definition of ‘commencement.’ Furthermore, the HDT appears to duplicate the current requirement (which it appears will continue) for Councils to demonstrate a 5 year housing land supply, hence adding an additional and unnecessary layer of bureaucracy.
- The suggestion that planning application forms should be amended to include a request for the estimated start date and build out rate for proposals for housing (Q21) may assist with encouraging prompt delivery of schemes, but this must be based on robust evidence. Experience within Hertfordshire suggests that applicants currently over-estimate the speed with which permissions can actually be implemented. This in effect sets LPAs up to fail in terms of delivery of their expected 5 year land supply. Developer assumptions must also ensure they take full account of the time required to deliver the necessary infrastructure to support schemes.
- The HWP suggests that from November 2017 there will be an expectation that LPAs have a 20% buffer on top of the requirement to maintain a five year housing land supply where delivery falls below 85%; from November 2018, there will be application of the presumption in favour of sustainable development where delivery falls below 25%; and from November 2019, an application of the presumption in favour of sustainable development where delivery falls below 45% (Q29). These triggers are too arbitrary and the requirements to address shortfalls too onerous. As stated above, concerns are raised about the degree to which LPAs can require house builders to actually build. Consideration of potential new sites also needs to be carried out with appropriate community consultation. There is also a lack of clarity about what happens to the resulting Action Plans. If required, the focus should be on quality and not quantity of content.

- The proposal to amend the NPPF to give local authorities the opportunity to have their housing land supply agreed on an annual basis and fixed for a one-year period (Q16) is welcomed in principle, but the process should be proportionate and not unduly onerous. It is not clear how long it will take to prepare and consult on the required evidence and so concerns are raised that this process would take already limited resources away from plan-making. , HIPP does not support the need to demonstrate an additional 10% buffer, should they choose to go down this route.

Green Belt:

- HIPP would stress the importance of clarity of key spatial policies, particularly those relating to the Green Belt (Q10 and Q11). Government should be explicit in terms of how they expect LPAs to balance consideration of the role of the Green Belt against housing need. The HWP as currently drafted makes this position more opaque, as it is possible for the suggested revised text on exceptional circumstances to be read as either stricter or more flexible than the existing approach set out in the NPPF. Such ambiguities must be resolved in any amended text included within the revised NPPF / PPG.
- Should Green Belt releases be required, it may not always be possible or appropriate for these releases to be replaced with newly designated Green Belt – particularly for those LPAs whose countryside is wholly or largely covered by the designation. This should be a matter for consideration through Green Belt Studies. Similarly, whilst the principle of securing compensatory ecological improvements on other sites is supported (Q10b), this could be hard to achieve if appropriate sites are not owned by the housebuilder or LPA.

Brownfield Land:

- HIPP welcomes the principle of measures that seek to make best use of brownfield sites. However, we are concerned that, if implemented, the proposals in the HWP may in some cases result in isolated sites being bought forward for development which would not be supported by infrastructure and would therefore not constitute sustainable development. This risk is particularly high for rural and semi-rural area, which often lack appropriate infrastructure to support additional development.

Size of Sites:

- The merits of having a range of different sized sites allocated within plans is acknowledged. However, the reality is that many key development sites are in the ownership of a few volume housebuilders. The proposed requirement for landowners to subdivide large sites (Q8e) as well as supporting small sites could have unintended consequences in terms of slowing down housing delivery and the ability to secure appropriate developer contributions, due to

pooling rules and/or affordable housing due to size thresholds. It is also unclear what is defined as 'large' in this context.

- The requirement that on top of the allowance made for windfall sites, at least 10% of sites allocated for residential development in Local Plans should be sites of half a hectare or less is not supported (Q8d). This appears to be an arbitrary target. It would result in a disproportionate amount of work for very little housing delivery and appears to duplicate the role of Brownfield Registers and Permission in Principle (PiP). Smaller sites are often intentionally not identified within Local Plans, as by their very nature they are often completed before the plan is adopted.

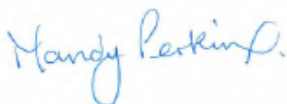
Design & Density:

- Measures to support high quality design are welcomed (Q12). However, these requirements should not fall solely on the shoulders of LPAs. Design advice in statutory plans will and should be high level. It is not appropriate to expect LPAs to produce detailed design advice for all sites, nor would the resources be available to do so. Greater onus should be placed by Government on ensuring the housebuilding industry strengthens its approach to quality design and place-shaping.
- The requirement for the density and form of development to reflect the character, accessibility and infrastructure capacity of an area, and the nature of local housing needs (Q13) is supported.

Tenure:

- HIPP is generally supportive of widening the range of housing tenures (Q31). The decision not to implement a statutory National Starter Home percentage is welcomed. It is noted that there is a separate consultation on 'Build to Rent' which a number of Hertfordshire authorities will respond to separately. It is unclear why this consultation has been separated out from the HWP, when the issues involved are intrinsically linked.

Yours faithfully,



Cllr Mandy Perkins
Chair, Hertfordshire Infrastructure & Planning Partnership

cc All Hertfordshire MPs:

Charles Walker MP

HIPP

HERTFORDSHIRE INFRASTRUCTURE & PLANNING PARTNERSHIP

The Rt. Hon. Michael Penning MP
Mark Prisk MP
Oliver Dowden MP
The Rt. Hon. Peter Lilley MP
Sir Oliver Heald QC MP
Anne Main MP
David Gauke MP
The Rt. Hon. Grant Shapps MP
Richard Harrington MP
Stephen McPartland MP

HIPP is a partnership of all local authorities in Hertfordshire

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CABINET
13 June 2017

***PART 1 – PUBLIC DOCUMENT**

AGENDA ITEM No.

8

TITLE OF REPORT: REVENUE BUDGET OUTTURN 2016/17

REPORT OF : THE STRATEGIC DIRECTOR OF FINANCE, POLICY & GOVERNANCE

EXECUTIVE MEMBER : COUNCILLOR JULIAN CUNNINGHAM

COUNCIL PRIORITY : RESPONSIVE AND EFFICIENT

1. EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to inform Cabinet of the summary position on General Fund income and expenditure as at the end of the financial year 1 April 2016 to 31 March 2017. The report therefore includes;
- explanations for significant variances to the working budget estimates (**table 2**)
 - details of budgets requested to be carried forward (**appendix B to this report**)
 - confirmation of the funding position as the end of 2016/17 (**table 5**)
 - details of earmarked reserves movements and balances (**table 6**)

2. RECOMMENDATIONS

- 2.1 That Cabinet note this report.
- 2.2 That Cabinet approves a decrease of £1.294m in the 2016/17 net General Fund expenditure, **as identified in table 2** and **paragraph 8.1**, to a total of £15.974million.
- 2.3 That Cabinet approves the requested changes to the 2017/18 General Fund budget, **as identified in table 2** and **paragraph 8.2**, of a £227k increase in net expenditure and the total carry forward into 2017/18 of budgets from 2016/17 of £642k.
- 2.4 That Cabinet recommend that Council approve the net transfer to earmarked reserves, **as identified in table 6**, of £4k.

3. REASONS FOR RECOMMENDATIONS

- 3.1 Members are able to monitor and request appropriate action of Services who do not meet the budget targets set as part of the Corporate Business Planning process.
- 3.2 Changes to the Council's balances are monitored and approved.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Budget holders have considered the options to live within the existing budget but consider the variances reported here necessary and appropriate, and in accordance with spend incurred during the year.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 Consultation on the budget monitoring is not required. Members will be aware that there is wider consultation on budget estimates during the corporate business planning process each year.

6. FORWARD PLAN

- 6.1 This report contains a recommendation on a key decision that was first notified to the public in the Forward Plan on the 3rd March 2017.

7. BACKGROUND

- 7.1 Council approved the revenue budget in February 2016 of **£16.553 million**. As at quarter 1 the working budget was increased to £17.325 million. Table 1 below details the approved changes to this budget to get to the current working budget:

Table 1 - 2016/17 Working Budget

	£k
Quarter 1 working budget	17,325
Quarter 1 2016/17 Revenue Monitor - variances approved by Cabinet	122
Quarter 2 2016/17 Revenue Monitor - variances approved by Cabinet	19
High level revenue monitoring included in 2017/18 budget report – variances approved by cabinet January 2017	(468)
Quarter 3 2016/17 Revenue Monitor - variances approved by Cabinet	270
Working budget at Financial Year End 2016/17	17,268

8. RELEVANT CONSIDERATIONS

GENERAL FUND INCOME AND EXPENDITURE

- 8.1 Cabinet are asked to approve the net expenditure on the General Fund in 2016/17 of £15.974million (recommendation 2.2). This is a net decrease of £1.294million on the working budget of £17.268million. Rather than list and explain every variance, Table 2 below highlights the most significant variances, which are generally more than £25k, and provides an explanation for each. The final columns details if a carry forward into 2017/18 is requested and the impact on base budget for next year:

Table 2- Summary of forecast variances

Budget Area	Working Budget £k	Outturn £k	Variance £k	Reason for difference	Carry- forward requested £k	2017/18 Impact £k
Corporate Vacancy Control Savings Target	+192	0	-192	The over-achievement of the vacancy control savings target is due to a greater level of posts held vacant as managers considered alternative options for service delivery. It is requested that £53k of this budget is carried forward and transferred to the Strategic Priorities Fund in 2017/18.	+53	0
Strategic Priorities Fund	+47	0	-47	Budget provision of £104k was approved for the Strategic Priorities Fund in 2016/17, of which a total of £57k was allocated to successful investment bids. It is requested that the remaining £47k go towards a new allocation of £100k for 2017/18.	+47	0
Parking Penalty Charge Notice Income	-452	-538	-86	A lower level of vacancies within the parking enforcement team has facilitated more effective parking patrols, which has resulted in higher income during the second half of the year.	0	0
Howard Park Repairs and Maintenance	+41	+5	-36	The recent capital investment and significant maintenance spend in the previous year combined to temporarily reduce the level of maintenance required in year at Howard Park.	0	0
Legal Services Fees and Charges Income	-62	-96	-34	This income overachievement is mainly due to an increase in work demanded from two neighbouring authorities, which was able to be facilitated within the demands of the NHDC caseload and with the use of an additional lawyer for part of the year. It is requested that the additional income reported is used to fund temporary staffing needs in 2017/18 and thus enable further income generation.	0	+34
Council Tax Analysis	0	+44	+44	Costs relate to work commissioned to review empty homes in order to capture all properties that should be paying council tax. The benefits to NHDC are an increase in the Council Tax base and increased New Homes Bonus funding.	0	0
Business Rates Analysis	+50	+78	+28	This expenditure relates to specialist software that identifies businesses that are not paying the correct level of Business Rates. The Council is invoiced by the software developer each time an adjustment to the rate charged is identified through the software. A higher number of discrepancies than anticipated were identified in February and March. The corresponding benefit to the Council will be realised in the Collection Fund.	0	0

Budget Area	Working Budget £k	Outturn £k	Variance £k	Reason for difference	Carry-forward requested £k	2017/18 Impact £k
Housing Benefits (HB)						
HB Payments	+36,415	+36,114	-301	Housing Benefit Payments and corresponding subsidy received were less than the mid year estimates, due to a lower number of claimants than anticipated. This offsets partly with the reduced subsidy claimed.	0	0
HB Subsidy	-36,010	-35,754	+256		0	0
HB Overpayments Income	-358	-468	-110	Higher than estimated overpayments income followed an unexpectedly large number of overpayments income invoices raised in February and March. This was partially offset by the movement in the final quarter of the contribution required to the corresponding bad debt provision, which was identified as a financial risk in 2016/17.	0	0
HB Overpayments Bad Debt Provision	+300	+310	+10		0	0
Total	+347	+202	-145		0	0
Planning Policy Consultants	60	0	-60	Following the submission of the Local Plan, work will commence on the viability of the Council introducing a Community Infrastructure Levy (CIL). A carry forward is requested to meet the cost of this exercise in 2017/18.	+60	0
Planning Control Fees and Charges Income	-660	-734	-74	The positive progress of the Local Plan in the latter part of 2016/17 has resulted in increased confidence amongst developers. This has led to additional fee income for Planning Control. The approved budget for 2017/18 included an increase in income of £50k on this basis.	0	0
Private Sector Housing Consultants Expenditure	+25	0	-25	This budget was earmarked in 2016/17 for the Council's participation in the County Council led "Warmer houses project". The aim of the project is the installation of energy efficient measures for low income households living in the district's private sector. At the end of the financial year however the partnership agreement with the organisations involved was not yet finalised. It is therefore requested to carry this budget forward into 2017/18.	+25	0
Estates Rental Income	-479	-575	-96	Additional income primarily due to the completion of a new lease for premises in Royston, which was backdated to January 2013 and included over £80k in back rent. There have also been a number of rent reviews that have included backdated adjustments to rent due.	0	-49
Council Properties Contract Cleaning	+69	+37	-32	Routine cleaning required in year was lower due to the office decant. Expected additional one-off expenditure due to the relocation of offices was also less than anticipated.	0	0
External Audit Fees	+78	+58	-20	External Audit fees, which are prescribed by the Audit Commission, were reduced by 25% compared to the prior year. This reduction followed the lower prices	0	-20

Budget Area	Working Budget £k	Outturn £k	Variance £k	Reason for difference	Carry-forward requested £k	2017/18 Impact £k
				achieved from an audit procurement exercise in 2014. There were no changes to the overall work programme.		
Local Land Charges – Transfer from Earmarked Reserve	-70	-18	+52	The planned transfer of £70k from reserves to cover one off costs incurred in year put the land charges overall total into a surplus position. At year-end this surplus element has been transferred back to the earmarked reserve, with the service having a net zero impact on the General Fund outturn.	0	0
IT Maintenance	+664	+608	-56	Due to other corporate high priority projects that were not on the IT Service Plan for 2016/17, IT did not have the staffing resource available to undertake other planned IT maintenance works. The costs associated with these works were therefore not incurred in the year.	0	0
Document Scanning Income	0	-36	-36	One-off income received from North Herts Homes for a document scanning exercise undertaken by the Council.	0	0
Careline Net Direct Trading Expenditure	-303	-240	+63	The 2016/17 financial year marked Year 2 of the three year Careline business improvement plan. Progress continues to be made – revenues in the year increased by over 33% and the Net Direct (Surplus) also increased by 20% - resulting in a contribution of £240k to the Council's overheads. Year 3 (2017/18), however, is likely to be more subdued as a consequence of a consolidation of Careline's corporate client base, an allied realignment of staffing levels, and planned infrastructure investment.	0	0
Neighbourhood Plans - Transfer from earmarked reserve	0	0	-33	Drawdown from earmarked reserve of related grant received in prior years from DCLG to cover apportioned staff costs of neighbourhood planning work undertaken in 2016/17.		
Total of explained variances	-453	-1,238	-785		185	-35
Other minor balances	17,721	17,212	-509		70	8
Overall Total	17,268	15,974	-1,294		255	-27

8.2 Cabinet are asked to approve the estimated impact on the 2017/18 budget, a £228k increase in budget (recommendation 2.3), which includes the request to carry forward £255k of budgets from 2016/17 to 2017/18 for projects that were not completed by the end of the financial year. Cabinet are asked to approve the total budgets requested to be carried forward (including those highlighted in reporting at month 8 and quarter 3) of £642k (recommendation 2.3). A full breakdown of amounts requested to be carried forward with accompanying explanation is presented in Appendix B.

- 8.3 The original approved budget for 2016/17 (and therefore working budget) included efficiencies totalling £357k, which were agreed by Council in February 2016. A total of £400k has been achieved in the year. This overachievement of £43k relates to;
- Legal Services initiative - a total of £59k (£25k was reported at quarter 2) additional income has been generated in 2016/17. This efficiency was recorded as "TBC" when the original budget 2016/17 was approved in February 2016.
 - Introduction of charging for car parking at Norton Common – Additional income of £4k was achieved in 2016/17 against the income generation estimate in the budget of £20k. The income estimate included in the original budget was not prepared on the basis that car parking at Norton Common would be free for stays of up to 2 hours.
- 8.4 The working budget for 2016/17 included budgets totalling £660k that were carried forward from the previous year. These are generally carried forward so that they can be spent for a particular purpose that had been due to happen in 2015/16 but was delayed into 2016/17. At the end of the year, one carry forward has not been spent and is not requested to be carried forward again. This relates to the carry forward of £5k budget for the purchase of e-billing software. This spend was dependent on the conclusion of the options considered for outbound mail. All other carry forward budgets have either been spent in 2016/17 or are requested to be carried forward, in part or in full, into 2017/18 as the projects have not been completed in 2016/17.

FUNDING, RISK AND GENERAL FUND BALANCE

- 8.5 The Council's revenue budget is funded from the following main sources; Council Tax, New Homes Bonus, Retained Business Rates and Revenue Support Grant. The Council was notified by Central Government in February of the respective amounts of New Homes Bonus and Revenue Support Grant funding it can expect to receive in 2017/18 and has planned accordingly.
- 8.6 Council Tax and Business Rates are accounted for in the Collection Fund rather than directly in our accounts, as we also collect them on behalf of others (e.g. County Council). Each organisation has a share of the balance on the Collection Fund account. Both are affected by collection rates, which is the proportion of what is billed that is actually received. Business Rates are heavily affected by appeals and reliefs. Business rates are based on a rateable value that is calculated by the Valuation Office Agency and some businesses have been able to show that this value is incorrect and appeal against it. The amount that is refunded as a result of a successful appeal can go back a number of years. Central Government have implemented a number of reliefs to reduce the burden of business rates and therefore promote business growth. The Council receives compensation for these reliefs in the form of a grant, which goes in to our funds rather than the Collection Fund. We are holding this amount in a reserve.
- 8.7 The deficit incurred on the Collection Fund for 2015/16 was £573k. A contribution to the Collection Fund from the General Fund was made in 2016/17 to fully cover this deficit. This payment was funded from the grant held in reserve.
- 8.8 At the end of 2016/17 there is a surplus on the NHDC share of the Council Tax Collection Fund of approximately £209k and a deficit on the Business Rates Collection Fund of around £820k. Use of the amount held in the reserve, which is £489k at the end of the year, will significantly reduce the impact on the General Fund balance in 2017/18 of the contribution required to the Collection Fund to cover this deficit.
- 8.9 The Council is also subject to a business rates levy from Central Government as NHDC has collected more in business rates than the baseline need determined by Central

Government. NHDC remained in the Hertfordshire Business Rate pool for 2016/17 with the expectation that this would reduce the levy amount required. This was the case in 2016/17, with the Council benefiting from a pooling gain of £154k in the form of a reduced levy contribution, with the calculated levy reduced from a total of £239k to £85k. This has been added to the DCLG grants reserve.

- 8.10 At the end of 2016/17 the Council has retained a total of £3.227m of Business Rates income, £819k more than had been projected to this point. This is primarily due to the Council's Business Rates Collection Fund benefiting from a change in the discretionary reliefs issued. In 2015/16 North Herts issued retail reliefs worth £760k. Any compensation received from Central Government for this relief would be posted to the General Fund and transferred to an earmarked reserve to fund the payment of the deficit on the Collection Fund. The equivalent retail relief issued in 2016/17 however reduced to £16k due to a change in the national scheme. This reduction in relief issued therefore increased the level of Business Rates income in the Collection Fund and contributed to increasing the amount that the Council retains.
- 8.11 In 2017/18 NHDC will no longer be in the Business Rates pool, as the Hertfordshire pool has been disbanded. This was due to a significant change in the Business Rates estimates provided in January from one of the pool members, which meant it was no longer beneficial for the member authorities to form a pool. NHDC and the other authorities in the pool will review the situation again in due course to establish whether requesting the reformation of the pool for financial year 2018/19 would be financially worthwhile (if the option continues to be available).
- 8.12 The minimum level of General Fund balance is determined based on known and unknown risks. Known risks are those things that we think could happen and we can forecast both a potential cost if they happen, and percentage likelihood. The notional amount is based on multiplying the cost by the potential likelihood. The notional amount for unknown risks is based on 5% of net expenditure. There is not an actual budget set aside for either of these risk types, so when they occur they are reflected as budget variances (see table 2). We monitor the level of known risks that actually happen, as it highlights whether there might be further variances. This would be likely if a number of risks come to fruition during the early part of the year. We also use this monitoring to inform the assessment of risks in future years. The notional amount calculated at the start of the year for known risks was **£866k**, and by the end of the year a total of **£469k** have come to fruition. The two identified risks realised in the final quarter relate to;
- Lower than anticipated income from the collection of court summons fees (included within other minor variances total in table 2). £11k
 - Higher than estimated contribution required to the bad debt provisions in relation to the collection of benefit overpayments identified (as highlighted in table 2) and Council Tax collection (included within other minor variances total in table 2) £21k

Table 4 – Known financial risks

	£'000
Original allowance for known financial risks	866
Known financial risks realised in quarter 1	(54)
Known financial risks realised in quarter 2	(211)
Known financial risks realised in quarter 3	(182)
Known financial risks realised in quarter 4	(32)
Allowance for known financial risks remaining	387

- 8.13 Table 5 below summarises the impact on the general fund. The change in the brought forward balance reflects the increase in the revenue underspend between the forecast at period 8 (November) and the actual position at the end of March in 2015/16. It should be noted at this point that the Statement of Accounts is yet to be audited and changes to the General Fund balance may arise as a result of the final accounts audit.

Table 5 - General Fund impact

	Budget agreed by Council £k	Outturn £k	Difference £k
Brought Forward balance (1st April 2016)	(6,216)	(7,085)	(869)
Projected Net Spend	16,553	15,974	(579)
Funding (Council Tax, Business Rates, RSG)	(16,300)	(17,124)	(824)
Contribution to Collection Fund	0	573	573
Funding from Reserves (including Business Rate Relief Grant)	0	(573)	(573)
Carried Forward balance (31st March 2017)	(5,963)	(8,235)	(2,272)

EARMARKED RESERVES

- 8.14 The Council has a number of earmarked reserves which can be used to fund revenue expenditure. These are detailed in Table 6 below. A total of £1.160million has been contributed to the reserves in 2015/16 and a total of £1.156million has been used to fund expenditure. Cabinet are asked to recommend to Council that the net contribution to reserves of £4k be approved (recommendation 2.4), which leaves a total balance in earmarked reserves at 31 March 2017 of £4.609million.

Table 6 – Earmarked Reserves

	Balance at 1 April 2016	Contributions to reserve	Payments to Fund expenditure	Balance at 31 March 2017
	£'000	£'000	£'000	£'000
Cemetery Mausoleum	118	11	0	129
Children's Services	10	6	(8)	8
Climate Change Grant	30	0	0	30
Community Development	1	0	0	1
Community Right to Bid	45	0	0	45
DCLG Grants	549	743	(803)	489
DWP Additional Grants	13	107	(116)	4
Environmental Warranty Reserve	209	0	0	209
Growth Area Fund	53	0	0	53
Homelessness	33	9	0	42
Housing Planning Delivery Reserve	370	81	(83)	368
Information Technology Reserve	82	0	0	82
Insurance Reserve	36	0	(4)	32
Leisure Management Reserve	89	0	0	89
Local Authority Mortgage Scheme	82	25	0	107
Museum Exhibits Reserve	13	0	0	13
Neighbourhood Plan Reserve	55	6	(40)	21
Office Move IT Works	7	0	0	7
Paintings Conservation	13	0	(2)	11
Personal Search Fees	179	53	(71)	161
Property Maintenance	58	10	0	68
Syrian Refugee Project	0	29	(10)	19
S106 Monitoring	84	0	(16)	68

Special Reserve	1,720	0	0	1,720
Street Furniture	6	4	0	10
Street Name Plates	8	30	0	38
Taxi Licences Reserve	6	6	0	12
Town Centre Maintenance	34	8	(3)	39
Town Wide Review	222	0	0	222
Waste Reserve	480	32	0	512
Total Revenue Reserves	4,605	1,160	(1,156)	4,609

9. LEGAL IMPLICATIONS

- 9.1 The Cabinet has a responsibility to keep under review the budget of the Council and any other matter having substantial implications for the financial resources of the Council. By considering monitoring reports throughout the financial year Cabinet is able to make informed recommendations on the budget to Council. The Council is under a duty to maintain a balanced budget and to maintain a prudent balance.
- 9.2 The Accounts and Audit Regulations 2015 require that the Annual Statement of Accounts be approved and published by the deadline date of 30 September 2017. Members are reminded of the duty to set a balanced budget and to maintain a prudent level of reserves.

10. FINANCIAL IMPLICATIONS

- 10.1 Members have been advised of any variations from the budgets in the body of this report and of any action taken by officers.
- 10.2 The general fund balance of £8.235million (table 5) meets the recommended minimum balance of General Fund reserves agreed when the budget was set. The Statement of Accounts is however yet to be audited and changes to the General Fund balance may arise as a result of the final audit. As the Housing Benefit claim is also yet to be audited, the relevant values included in the reported outturn are based on un-audited figures.

11. RISK IMPLICATIONS

- 11.1 As outlined in the body of the report. The process of quarterly monitoring to Cabinet is a control mechanism to help to mitigate the risk of an unplanned overspend of the overall Council budget.

12. EQUALITIES IMPLICATIONS

- 12.1 In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2 For any individual new revenue investment proposal of £50k or more, or affecting more than two wards, a brief equality analysis is required to be carried out to demonstrate that the authority has taken full account of any negative, or positive, equalities implications; this will take place following agreement of the investment.

13. SOCIAL VALUE IMPLICATIONS

13.1 The Social Value Act and “go local” policy do not apply to this report.

14. HUMAN RESOURCE IMPLICATIONS

14.1 Although there are no direct human resource implications at this stage, care is taken to ensure that where efficiency proposals or service reviews may effect staff, appropriate communication and consultation is provided in line with HR policy.

15. APPENDICES

15.1 Appendix A – General Fund Summary 2016/17.

15.2 Appendix B – Carry Forward Budgets requested for 2017/18.

16. CONTACT OFFICERS

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17. BACKGROUND PAPERS

17.1 Budget Estimate Book 2016/17.

17.2 Statement of Accounts 2015/16.

GENERAL FUND SUMMARY

Actual		Original Budget Total Net Expenditure (after recharges) 2016/17	Working Budget		Working Budget		Actual		Budget Gross Direct Expenditure Working Budget 2016/17	Actual Gross Direct Expenditure 2016/17	Budget Gross Direct Income Working Budget 2016/17	Actual Gross Direct Income 2016/17	Actual Net Direct Spend 2016/17	Actual Capital Charges 2016/17	Actual Support Service Recharges 2016/17	Actual Total Net Expenditure (after recharges) 2016/17	Actual Variance to working budget 2016/17
Net Direct Spend 2015/16 £	Total Net Expenditure 2015/16 £		Net Direct Spend 2016/17 £	Total Net Expenditure (after recharges) 2016/17 £	Net Direct Spend 2016/17 £	Total Net Expenditure (after recharges) 2016/17 £	Net Direct Spend 2016/17 £	Actual Net Direct Spend 2016/17 £									
Chief Executive																	
180,363	0cr	182,800	0	182,800	0	182,800	183,870	1,070	182,800	183,870	0	0	183,870	0	183,870cr	0	0
448,970	879,241cr	713,300	2,301,600cr	659,250	2,355,650cr	659,250	381,439	277,811cr	1,099,650	4,381,432	440,400cr	3,999,993cr	381,439	3,181,575cr	1,216,272	1,583,864cr	771,786
787,825	1,635,548	826,000	1,778,700	789,500	1,742,200	789,500	782,335	7,165cr	1,107,400	1,113,380	317,900cr	331,045cr	782,335	0	1,016,208	1,798,543	56,343
1,417,158	756,307	1,722,100	522,900cr	1,631,550	613,450cr	1,631,550	1,347,644	283,906cr	2,389,850	5,678,682	758,300cr	4,331,038cr	1,347,644	3,181,575cr	2,048,610	214,679	828,129
Customer Services																	
360,992	0cr	321,500	0	450,800	129,300	450,800	451,075	275	450,800	451,075	0	0	451,075	0	451,075cr	0	129,300cr
184,202	16,149	192,600	7,800	206,700	21,900	206,700	204,006	2,694cr	217,600	213,553	10,900cr	9,547cr	204,006	0	198,668cr	5,338	16,562cr
427,673	881,225	422,200	945,500	454,700	978,000	454,700	487,579	32,879	555,000	564,614	100,300cr	77,035cr	487,579	211,776	325,128	1,024,484	46,484
721,899	0	810,600	0	762,000	48,600cr	762,000	706,625	55,375cr	778,100	721,036	16,100cr	14,411cr	706,625	18,130	724,755cr	0	48,600
379,060	0	412,100	0	405,500	6,600cr	405,500	387,358	18,142cr	405,500	387,808	0	450cr	387,358	0	387,358cr	0	6,600
4,558,395	7,752,755	4,890,300	8,354,100	4,718,200	8,182,000	4,718,200	4,440,985	277,215cr	10,571,400	10,472,815	5,853,200cr	6,031,831cr	4,440,985	1,711,051	1,399,692	7,551,727	630,273cr
6,632,220	8,650,129	7,049,300	9,307,400	6,997,900	9,256,000	6,997,900	6,677,627	320,273cr	12,978,400	12,810,901	5,980,500cr	6,133,273cr	6,677,627	1,940,957	37,036cr	8,581,548	674,452cr
Finance, Policy & Governance																	
409,256	9,526	417,900	5,200	522,800	110,100	522,800	521,832	968cr	530,000	529,032	7,200cr	7,200cr	521,832	0	516,387cr	5,446	104,654cr
494,650	127,595	489,800	68,500	488,700	67,400	488,700	446,747	41,953cr	550,600	543,247	61,900cr	96,500cr	446,747	0	395,549cr	51,198	16,202cr
627,521	1,682,998cr	892,500	903,900cr	893,050	903,350cr	893,050	710,946	182,104cr	2,085,250	1,975,353	1,192,200cr	1,264,407cr	710,946	254,355	2,119,655cr	1,154,354cr	251,004cr
777,970	1,168,371	781,100	1,374,300	770,200	1,363,400	770,200	724,542	45,658cr	881,200	829,316	111,000cr	104,774cr	724,542	663,196	133,586	1,521,324	157,924
2,547,209	1,732,407	2,371,300	1,539,200	2,911,100	2,079,000	2,911,100	2,719,280	191,820cr	40,799,100	40,571,874	37,888,000cr	37,852,594cr	2,719,280	255,202	1,130,083cr	1,844,399	234,601cr
153,575	192,774	240,200	276,200	118,000	154,000	118,000	117,175	825cr	118,000	117,175	0	0	117,175	0	37,765	154,940	940
5,010,181	1,547,676	5,192,800	2,359,500	5,703,850	2,870,550	5,703,850	5,240,522	463,328cr	44,964,150	44,565,997	39,260,300cr	39,325,475cr	5,240,522	1,172,752	3,990,323cr	2,422,952	447,598cr
Planning, Housing & Enterprise																	
226,445	1	223,400	0	224,500	1,100	224,500	225,547	1,047	224,500	225,547	0	0	225,547	0	225,547cr	0	1,100cr
278,817	700,049	363,200	761,900	527,100	925,800	527,100	444,186	82,914cr	1,335,000	1,324,129	807,900cr	879,943cr	444,186	0	401,358	845,544	80,256cr
809,577	1,319,646	1,057,000	1,485,600	1,039,400	1,468,000	1,039,400	872,019	167,381cr	1,329,900	1,178,705	290,500cr	306,687cr	872,019	244	685,945	1,558,208	90,208
1,134,982	2,533,328	945,300	3,161,600	1,143,900	3,360,200	1,143,900	1,164,666	20,766	3,402,400	3,462,713	2,258,500cr	2,298,048cr	1,164,666	67,620	1,118,800	2,351,086	1,009,114cr
2,449,822	4,553,023	2,588,900	5,409,100	2,934,900	5,755,100	2,934,900	2,706,417	228,483cr	6,291,800	6,191,095	3,356,900cr	3,484,678cr	2,706,417	67,865	1,980,556	4,754,838	1,000,262cr
15,509,381	15,507,134	16,553,100	16,553,100	17,268,200	17,268,200	17,268,200	15,972,211	1,295,989cr	66,624,200	69,246,674	49,356,000cr	53,274,464cr	15,972,211	0cr	1,806	15,974,017	1,294,183cr
	1,033,290	1,056,169	1,056,169	1,056,169	1,056,169	1,056,169	1,056,169	0					1,056,169			1,056,169	0
16,540,424	16,540,424	17,609,269	17,609,269	18,324,369	18,324,369	18,324,369	17,028,380	1,295,989cr	66,624,200	69,246,674	49,356,000cr	53,274,464cr	17,028,380	0cr	1,806	17,030,186	1,294,183cr
1,800,975cr			821,300cr		821,300cr											821,280cr	20
2,455,411cr			2,408,400cr		2,408,400cr											3,226,965cr	818,565cr
2,401,107cr			2,718,000cr		2,718,000cr											2,723,638cr	5,638cr
86,126cr			86,300cr		86,300cr											86,300cr	0
			144,700cr		144,700cr											144,732cr	32cr
9,853,746cr			10,171,900cr		10,171,900cr											10,171,906cr	6cr
966,052cr			1,005,472cr		1,005,472cr											1,005,472cr	0cr
17,563,417cr			17,356,072cr		17,356,072cr											18,180,293cr	824,221cr
1,022,993cr			253,197dr		968,297											1,150,107cr	2,118,405cr

General Fund Balance

Actual	Budget	Budget	Outturn	Working Budget	Original Budget
Total Net Expenditure 2015/16	Original Budget 2016/17	Working Budget 2016/17	Total Net Expenditure 2016/17	Working Budget Variance 2016/17	Original Budget Variance 2016/18
6,021,576cr	6,215,593cr	7,084,717cr	7,084,717cr	0dr	869,125cr
1,022,993cr	253,197	968,297	1,150,107cr	2,118,405cr	1,403,305cr
1,301,713dr	0dr	0dr	573,284dr	573,284dr	573,284dr
1,341,861cr	0dr	0dr	573,284cr	573,284cr	573,284cr
7,084,717cr	5,962,395cr	6,116,420cr	8,234,825cr	2,118,405cr	2,272,429cr

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DESCRIPTION OF REASON FOR CARRY FORWARD	New Requests for Carryforwards at Month 8	New Requests for Carryforwards at 3rd Qtr	New Requests for Carryforwards at Closure	TOTAL CARRY FORWARD AMOUNT	EXPLANATION
Chief Executive					
Corporate Projects					
Commercialisation Project	95,000			95,000	Due to complexities of the project, the business case has taken longer to develop. (To investigate the methods by which the council can generate revenue income through an arms length company or similar structure and proceed to establish that structure so that it may benefit from traded services. For example to consider how it might generate revenue income from its capital and land holdings. The working assumption is that this will be achieved via housing provision at market rents through an arms-length company. If approved, this proposal then continues into a capital bid for 17/18).
Strategic Priorities Fund			47,000	47,000	Budget provision of £104k was approved for the Strategic Priorities Fund in 2016/17, of which a total of £57k was allocated to successful investment bids. It is requested that the remaining £47k go towards a new allocation of £100k for 2016/17.
Vacancy Control			53,000	53,000	The £192k over-achievement of the vacancy control savings target is due to a greater level of posts held vacant as managers considered alternative options for service delivery. It is requested that £53k of this budget is carried forward and transferred to the Strategic Priorities Fund in 2016/17.
Customer Services Directorate					
Refuse Service					
AFM Expenditure Provision			11,400	11,400	£11,400 is requested to be carried forward to meet the remaining cost of the fixed term Technical Waste Officer post from April 2017 to January 2018.
On Street Parking					
Lines and Signs		42,000		42,000	Progress in commissioning works identified from the lines and signs audit has not been as expected this year due to the long term absence of the relevant officer responsible and other staff resources in the Strategic Planning Team being focused on progressing the Local Plan.

DESCRIPTION OF REASON FOR CARRY FORWARD	New Requests for Carryforwards at Month 8	New Requests for Carryforwards at 3rd Qtr	New Requests for Carryforwards at Closure	TOTAL CARRY FORWARD AMOUNT	EXPLANATION
Finance, Policy and Governance					
Internal Audit					
SIAS			11,300	11,300	The number of billable days of internal audit work delivered was less than the original plan due to resourcing issues. It was agreed at the FAR Committee of 22/03/2017 that 40 days would be carried forward to 2017/18.
Legal Services					
Learning and Development			10,300	10,300	The carry forward request relates to the remainder of Legal Practice Course fees covering the period to June 2018. The budget for the full course fee of £15,300 was transferred from the ring fenced Learning & Development budget in 2016/17.
MSU					
Document Management Scanning		20,000		20,000	The carry forward requested is to fund the digitalisation of historic contract documentation, which is due to be sent for scanning in April and May. The back scanning of legal title deeds is almost complete, with the last batch of legal deeds to be digitally archived before the end of the financial year.
Other Consultants			10,000	10,000	The carry forward is requested for additional consultancy services to ensure the successful implementation of the new Uniform system. The implementation was delayed and is expected to be completed by July 2017.
Area Committees					
Area Committee Grants	48,700		800	49,500	Following the cycle of Area Committee meetings in December and March there were a number of grant applications received there is expected to be budget which will be carried forward due to a number of factors: number of applications and the amounts requested are less than the what is available; grants which have been awarded will require the groups to meet certain criteria before being released; the cool off period will go into the new financial year.

DESCRIPTION OF REASON FOR CARRY FORWARD	New Requests for Carryforwards at Month 8	New Requests for Carryforwards at 3rd Qtr	New Requests for Carryforwards at Closure	TOTAL CARRY FORWARD AMOUNT	EXPLANATION
Planning Housing and Enterprise Directorate					
Building Control					
Other consultants		19,500		19,500	Following a successful migration by one authority, the migration of the 6 remaining authorities onto the single IT platform has commenced. NHDC's building control service migration aims to be complete by May 2017. The remaining £19.5k budget will be used, if required, to facilitate the migration.
Planning Policy					
Consultants for the introduction of CIL	27,000		60,000	87,000	Following submission of the Local Plan, work will commence on the viability of the Council introducing a Community Infrastructure Levy (CIL). A rough estimate from 2015/16 of the potential return from a CIL based upon the currently submitted Local Plan is circa £1 million, with 5% kept by NHDC to cover administration, upto 25% going to Parishes/ Neighbourhoods, and the remainder being spent on infrastructure (HCC and NHDC).
Planning Projects					
Consultants for extending boundary of Chilterns Area	20,000			20,000	Budget for extending the Chiltern Area of Natural Beauty will need to be carried forward again to 2017/18. The decision on whether this work takes place is with Natural England, the application has been submitted by the Chilterns Conservation Board on behalf of NHDC and the Board is waiting to hear their decision on whether the application has been successful. Officers will continue to track progress and engage positively with the Chilterns Conservation Board and Natural England on how this proposal is progressed. No timeline has been given by Natural England when they will process the application. Should the application be successful then work on extending the boundary will commence.
Economic Development Officer		52,000		52,000	The Council appointed its Economic Development officer on 01 December 2016. The carry forward together with the reserve will be used to facilitate the adopted Economic Development Action Plan.

DESCRIPTION OF REASON FOR CARRY FORWARD	New Requests for Carryforwards at Month 8	New Requests for Carryforwards at 3rd Qtr	New Requests for Carryforwards at Closure	TOTAL CARRY FORWARD AMOUNT	EXPLANATION
Churchgate		52,500		52,500	The budget has not yet been called upon, but it is proposed to keep it available in the event that it is needed.
Highways Parking consultants			12,900	12,900	A review of the Council's parking strategy is underway, phase 1 has been completed and is being implemented, and phase 2 is progressing. The carry forward requested is to allow the completion of this work.
Private Sector Housing					
Consultants			38,700	38,700	Request to carry forward budget for energy projects; £25.2k to fund stock condition. It is proposed that this amount is carried forward to enable the Council's participation in the County led "Warmer houses project". The aim of the project is the installation of energy efficient measures for low income households living in the district's private sector. £13.5k funds the provision of housing market information and it is proposed this amount is carried forward to provide some capacity to review the potential implications of legislative changes such as the Housing & Planning Act, and the Homelessness reduction bill, as well as the ongoing impact of welfare reform.
Careline					
Marketing, general fund		10,000		10,000	The re-commissioning of the Herts Careline website was scheduled to take place in Qtr. 4 of 2016/17. However, this has been delayed until Qtr. 1 of 2017/18 in order to reflect the emergent Hertfordshire County Council Assistive Technology Strategy which is expected to be ratified by HCC in April 2017 and endorsed by the Health and Wellbeing Board in June 2017. This Strategy is expected to emphasize the importance of communication, particularly as regards seamless referrals from social workers to Herts Careline - the new website will facilitate this
TOTAL	190,700	196,000	255,400	642,100	

CABINET
13 June 2017

PART 1 – PUBLIC DOCUMENT

AGENDA ITEM No.

9

TITLE OF REPORT: ANNUAL TREASURY MANAGEMENT REVIEW 2016/17

REPORT OF: THE STRATEGIC DIRECTOR OF FINANCE, POLICY & GOVERNANCE

EXECUTIVE MEMBER: CLLR JULIAN CUNNINGHAM

COUNCIL PRIORITY: RESPONSIVE AND EFFICIENT

1. EXECUTIVE SUMMARY

- 1.1 During the year the Council has generated **£0.444million** of interest from its investments. This is slightly above the budgeted total of £0.440million. The Council continues to invest in smaller Building Societies (subject to checks that compare the size of the Society with that of the investment) but does not invest outside of the UK.
- 1.2 The Council has repaid £1.035million of borrowing during the year as it has matured. The Council has £0.480million of remaining borrowing. This borrowing is at a fixed rate for a fixed period. The premium from repaying this borrowing early means that it is not worthwhile.
- 1.3 The Council complied with its legislative and regulatory requirements. There was one minor breach of the limit that is set on the percentage that can be invested with a single counterparty.
- 1.4 The forecast is that investment income will continue to fall due to market conditions and balances being used to fund the capital programme.

2. RECOMMENDATIONS

- 2.1 Cabinet is asked to note the position of Treasury Management activity as at the end of March 2017.
- 2.2 Cabinet is asked to recommend this report to Council and ask Council to:
 - 1) Approve the actual 2016/17 prudential and treasury indicators
 - 2) Note the annual Treasury Report for 2016/17.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To ensure the Council's continued compliance with CIPFA's code of practice on Treasury Management and the Local Government Act 2003 and that the Council manages its exposure to interest and capital risk.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 In general there is a relationship between the risk of an investment and the level of interest that is received (yield). Risk can be summarised under the headings of credit, liquidity and market. The risk appetite and approach of the Council determines what strategy it adopts. Whilst the focus is on managing risk, the interest received is an important income stream for the general fund.
- 4.2 Our Treasury advisors from Capita Asset Services promote a different risk approach, particularly in relation to smaller Building Societies and non-UK investments. This option has been dismissed on the basis of Members' different view of risk and the impact on the general fund.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 There is ongoing dialogue with the Authority's Cash Manager, Tradition and regular meetings with Treasury advisors (Capita). The Capita service includes regular updates on economic and political changes which may impact on the Council's borrowing and investment strategies, advice on rescheduling, information and prudent parameters in respect of investment counterparty creditworthiness, document templates, access to technical updates and to the Technical Advisory Group. The Portfolio holder for Finance and Asset Management is also regularly briefed.

6. FORWARD PLAN

- 6.1 This report contains a recommendation on a key decision that was first notified to the public in the Forward Plan on the 1st March 2017

7. BACKGROUND

- 7.1 Members adopted the 2016/17 Treasury Strategy at the meeting of full Council on the 11 February 2016. There were no changes from the 2015/16 Strategy.
- 7.2 Members received updates on treasury activity at quarterly intervals during 2016/17, and this report represents the final quarterly update.

8. RELEVANT CONSIDERATIONS

- 8.1 Appendix A provides the Treasury Management update at year end. This document contains economic background, an interest rate forecast and summary outlook provided by Capita for background context to Treasury activities. The remainder of the document contains an update on the Council's investment strategy.
- 8.2 In summary, the Council has operated within the treasury and prudential indicators set out in the Treasury Management Strategy Statement and in compliance with the Treasury Management Practices. However, there was one breach to "investing no more than 10% of outstanding investments with one counter party". An existing investment was renewed with The Royal Bank of Scotland on 13th March for £2.75M and although the total invested with them remained unchanged, this was slightly over the 10% limit at 10.71%.

Risk

- 8.3 The Council's activities expose it to a variety of risks (credit, liquidity and market). The Treasury Strategy sets out the Authority's appetite for the level of exposure to these risks. Firstly, **Credit Risk** – The possibility that other parties fail to pay amounts due to the Authority.
- 8.4 The Council's counterparty list comprises mostly UK building societies and UK banks with a Fitch (a credit rating agency) credit rating greater than BBB but also includes other Local Authorities and Public Corporations.
- 8.7 **Liquidity Risk** – the possibility that the Authority may not have funds available to meet its commitments to make payments.
- 8.8 Investments were split between the Cash Manager, Tradition and the In-House team. The In-House investments cover the day to day cash flow activity of the Council whilst the Cash Manager's investments take advantage of higher long term interest rates when they become available.
- 8.9 **Market Risk** - the possibility that financial loss might arise as a result of changes in interest rates.
- 8.10 Investing long term (greater than one year) currently achieves higher interest rates than short term deals. The risks of long term deals are:
- (i) The longer the time period the longer the investment is exposed to default.
 - (ii) If the investment has a fixed interest rate, interest rates could rise and the potential to invest at a higher rate will be lost until the investment matures.
- 8.11 Members have indicated that they are prepared to accept this risk within the limits expressed in the Treasury Strategy which allows no more than 40% of outstanding investments to be invested for longer than 364 days at any one time. At the end of the year the Council had £7.0M (18%) invested for longer than 364 days.

Interest (Yield)

- 8.12 The Council generated £0.444M of interest during 2016/17. The average interest rate agreed on new deals during the year by Tradition was 1.17%. The average interest rate on all outstanding investments at the 31st March was 1.12%.
- 8.13 This year has continued to prove challenging to find counterparties willing to pay a reasonable return on cash investments, either long or short term. The uncertainty around interest rate changes has continued in 16/17, with the latest predictions signalling the first increase to the base rate around quarter 3 of 2018.
- 8.14 The investments outstanding at the 31 March 2017 were £38.9million. This compares to a balance of £41.93million at 31 March 2016. The reduced balance reflects the use of maturing investments to fund capital expenditure. This investment in capital projects will continue during 2017/18 (e.g. DCO refurbishment works). This combined with declining returns for new investments means that the budgeted investment interest for 2017/18 is expected to be in the region of £0.27M.

9. LEGAL IMPLICATIONS

- 9.1 The Cabinet has a responsibility to keep under review the budget of the Council and any other matter having substantial implications for the financial resources of the Council.
- 9.2 Section 151 of the Local Government Act 1972 states that:
“every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs.”
- 9.3 The Prudential Indicators comply with the Local Government Act 2003.

10. FINANCIAL IMPLICATIONS

- 10.1 These are covered in section 8, and in particular sections 8.12 to 8.14.

11. RISK IMPLICATIONS

- 11.1 Risks associated with treasury management and procedures to minimise risk are outlined in the Treasury Management Practices document, TMP1, which was adopted by Cabinet in July 2003 and is revisited annually as part of the Treasury Strategy review. The risk on the General Fund of a fall of investment interest below the budgeted level is dependant on banks and building societies need for borrowing. The introduction of the Funding for Lending Scheme which allows financial institutions access to low cost funding from Government for an extended period has impacted on their need to borrow and the rates at which they are prepared to borrow.

12. EQUALITIES IMPLICATIONS

- 12.1 In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2 There are no direct equalities implications arising from this report.

13. SOCIAL VALUE IMPLICATIONS

- 13.1 The Social Value Act and “go local” policy do not apply to this report.

14. HUMAN RESOURCE IMPLICATIONS

- 14.1 There are no direct human resource or equality implications.

15. APPENDICES

- 15.1 Appendix A - Annual Treasury Management Review 2016/17.

16. CONTACT OFFICERS

Author

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Contributors

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- 16.3 Ian Couper, Head of Finance, Performance and Asset Management, Tel 474243, email ian.couper@north-herts.gov.uk
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- 16.5 [Reuben Ayavoo, Corporate Policy officer, Tel 47212, email Reuben.ayavoo@north-herts.gov.uk](#)

17. BACKGROUND PAPERS

Treasury Strategy 2016/17.
CIPFA Prudential Code for Capital Finance in Local Authorities.

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APPENDIX A

Annual Treasury Management Review 2016/17

North Hertfordshire District Council
April 2017

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Annual Treasury Management Review 2016/17

Purpose

This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2016/17. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).

During 2016/17 the minimum reporting requirements were that the full Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council 11/02/2016)
- a mid-year, (minimum), treasury update report (Cabinet 22/11/2016)
- an annual review following the end of the year describing the activity compared to the strategy, (this report)

In addition, Cabinet has received quarterly treasury management update reports.

The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.

This Council confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Finance, Audit and Risk Committee before they were reported to the full Council.

Executive Summary

During 2016/17, the Council complied with its legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows:

Prudential and treasury indicators	2015/16 Actual £'000	2016/17 Original £'000	2016/17 Actual £'000
Capital expenditure	3,524	8,619	5,686
Capital Financing Requirement:	-18,741	-15,738	-16,634
External debt	1,515	480	480
Investments			
• Longer than 1 year	7,750	0	7,000
• Under 1 year	30,275	23,500	29,000
• Total	38,025	23,500	36,000
Net borrowing	-36,510	-23,020	-35,520

Capital spend decreased during the year from an original budget of £8.62M to an actual of £5.69M. This was mainly due to the revision in the timetable for completion of schemes, and a net reduction on spend on other schemes.

Other prudential and treasury indicators are to be found in the main body of this report. The Director of Finance also confirms that no borrowing was undertaken for a capital purpose and the statutory borrowing limit, (the authorised limit), was not breached.

The financial year 2016/17 continued the challenging investment environment of previous years, namely low investment returns.

Recommendations

The Council is recommended to:

1. Approve the actual 2016/17 prudential and treasury indicators in this report
2. Note the annual treasury management report for 2016/17

Introduction and Background

This report summarises the following:-

- Capital activity during the year;
- Impact of this activity on the Council's underlying indebtedness, (the Capital Financing Requirement);
- The actual prudential and treasury indicators;
- Overall treasury position identifying how the Council has borrowed in relation to this indebtedness, and the impact on investment balances;
- Summary of interest rate movements in the year;
- Detailed debt activity; and
- Detailed investment activity.

1. The Council's Capital Expenditure and Financing 2016/17

The Council undertakes capital expenditure on long-term assets. These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need; or
- If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.

The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed.

£m General Fund	2015/16 Actual £'000	2016/17 Working Estimate £'000	2016/17 Actual £'000
Capital expenditure	3,524	9,431	5,686
Financed in year	2,156	4,564	3,501
Unfinanced capital expenditure	1,368	4,867	2,185

2. The Council's Overall Borrowing Need

The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents the 2016/17 unfinanced capital expenditure (see above table), and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies, (such as the Government, through the Public Works Loan Board [PWLB] or the money markets), or utilising temporary cash resources within the Council.

Reducing the CFR – the Council's underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council has a negative CFR so is not required to make an annual revenue charge, called the Minimum Revenue Provision – MRP, to reduce the CFR. MRP is effectively a repayment of the borrowing need. This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.

The total CFR can also be reduced by:

- the application of additional capital financing resources, (such as unapplied capital receipts); or
- charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).

The Council's 2016/17 MRP Policy, (as required by CLG Guidance), was approved as part of the Treasury Management Strategy Report for 2016/17 on 11/02/2016. Because the Council is in the unusual position of having a negative CFR there is no requirement currently to make an annual revenue charge (MRP).

The Council's CFR for the year is shown below, and represents a key prudential indicator. It includes leasing schemes on the balance sheet, which increase the Council's borrowing need. No borrowing is actually required against these schemes as a borrowing facility is included in the contract (if applicable).

CFR (£m): General Fund	31 March 2016 Actual	31 March 2017 Actual
Opening balance	-20.122	-18,767
Add unfinanced capital expenditure (as above)	1.368	2.185
Less MRP/VRP	0	0
Less Finance Lease repayments	0.013	0.013
Closing balance	-18.767	-16.60

Borrowing activity is constrained by prudential indicators for net borrowing and the CFR, and by the authorised limit.

Gross borrowing and the CFR - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2016/17) plus the estimates of any additional capital financing requirement for the current (2017/18) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs if required. The table below highlights the Council's gross borrowing position against the CFR. The Council has complied with this prudential indicator.

	31 March 2016 Actual	31 March 2017 Budget	31 March 2017 Actual
Gross borrowing position	£1.515m	£0.480m	£0.480m
CFR	-£18.767m	-£15.738m	-£16.60m

The authorised limit - the authorised limit is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The table below demonstrates that during 2016/17 the Council has maintained gross borrowing within its authorised limit.

The operational boundary – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary is acceptable subject to the authorised limit not being breached.

Actual financing costs as a proportion of net revenue stream - this indicator identifies the trend in the cost of capital, (borrowing and other long term obligation costs net of investment income), against the net revenue stream.

	2016/17
Authorised limit	£7.0m
Maximum gross borrowing position	£1.52m
Operational boundary	£5.0m
Average gross borrowing position	£1.1m
Financing costs as a proportion of net revenue stream	-2.2%

3. Treasury Position as at 31 March 2017

The Council's debt and investment position is organised by the treasury management service in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through member reporting detailed in the summary, and through officer activity detailed in the Council's Treasury Management Practices. At the end of 2016/17 the Council's treasury position was as follows:

TABLE 1	31 March 2016 Principal	Rate/ Return	31 March 2017 Principal	Rate/ Return
Fixed rate funding:				
-PWLB	£0.515m	9.21%	£0.480m	9.43%
-Market	£1.000m	10.125%	£0m	
Variable rate funding:				
-PWLB	£0m		£0m	
-Market	£0m		£0m	
Total debt	£1.515m	8.55%	£0.480	9.43%
CFR	-£18.8m		-16.6m	
Over / (under) borrowing	£20.315m		£17.08m	
Investments:				
- in house	£9.525m	0.62%	£7.5m	0.66%
- with managers	£28.5m	1.25%	£28.5m	1.15%
Total investments	£38.025m	1.22%	£36.0m	1.12%

The maturity structure of the debt portfolio was as follows:

	31 March 2016 actual	31 March 2017 actual
Under 12 months	£1.035m	£0.025m
12 months and within 24 months	£0.025m	£0.016m
24 months and within 5 years	£0.050m	£0.053m
5 years and within 10 years	£0.100m	£0.097m
10 years and above	£0.305m	£0.289m

The maturity structure of the investment portfolio was as follows:

	2015/16 Actual £000	2016/17 Original £000	31 March 2017 Actual £000
Investments			
Longer than 1 year	7,750	0	7,000
Under 1 year	30,275	23,500	29,000
Total	38,025	23,500	36,000

The exposure to fixed and variable rates was as follows:

	31 March 2016 Actual £000	2016/17 Original Limits £000	31 March 2017 Actual £000
Fixed rate (principal)	36,000Cr	70%-100% of Investments	29,500Cr
Variable rate (principal)	2,025Cr	0%-30% of Investments	6,500Cr

4. The Strategy for 2016/17

The strategy in 2016/17 was to continue only lending to UK banks, building societies and money market funds. Only UK banks with a credit rating, for longer term deals, greater than “BBB” and F3 or above for short term credit ratings were on the Council’s lending list. (These are Fitch definitions of ratings). Not all building societies are credit rated but this did not preclude them from the lending list as lending to a building society was dependant on their asset size. Where a society did have a rating, this was considered at the time of the deal taking into account the amount of investment and the length of the deal. As well as imposing maximum limits with each counter party, the overall percentage of outstanding investments with each counterparty was assessed to ensure a reasonable spread of investments.

Change in strategy during the year – the strategy adopted in the original Treasury Management Strategy Report for 2016/17, approved by the Council on 11/02/2016, was not changed during the year.

5. The Economy and Interest Rates

The two major landmark events that had a significant influence on financial markets in the 2016-17 financial year were the UK EU referendum on 23 June and the election of President Trump in the USA on 9 November. The first event had an immediate impact in terms of market expectations of when the first increase in Bank Rate would happen, pushing it back from quarter 3 2018 to quarter 4 2019. At its 4 August meeting, the Monetary Policy Committee (MPC) cut Bank Rate from 0.5% to 0.25% and the Bank of England’s Inflation Report produced forecasts warning

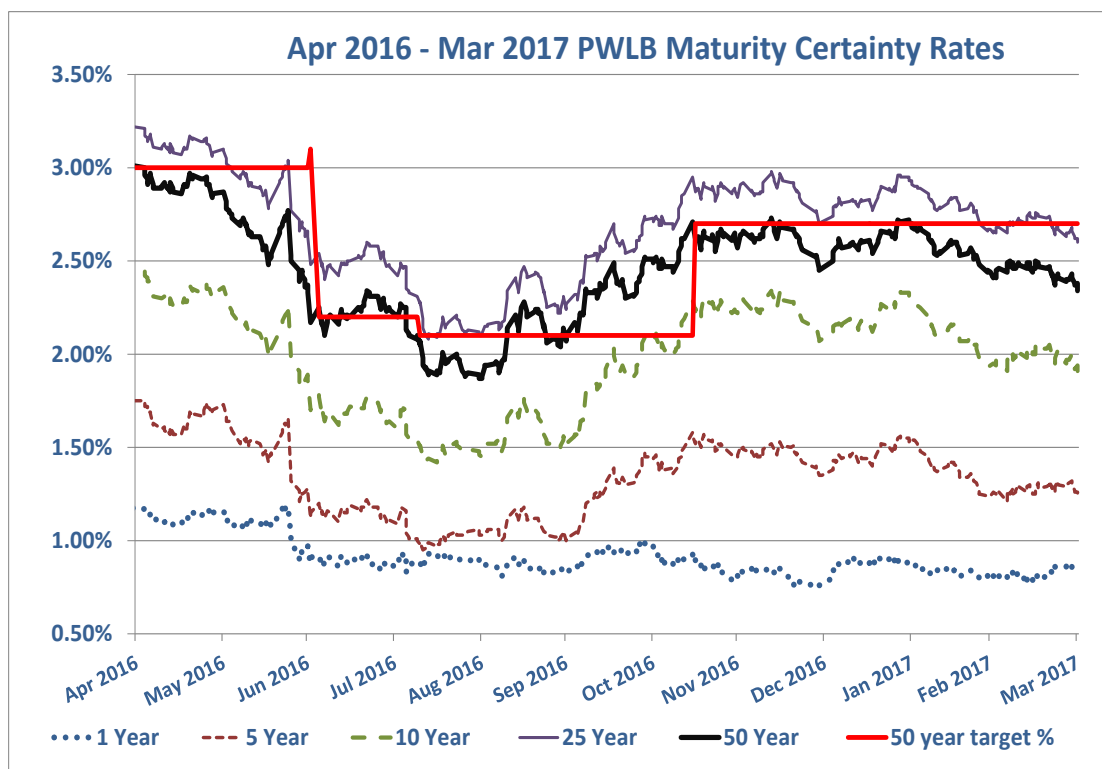
of a major shock to economic activity in the UK, which would cause economic growth to fall almost to zero in the second half of 2016. The MPC also warned that it would be considering cutting Bank Rate again towards the end of 2016 in order to support growth. In addition, it restarted quantitative easing with purchases of £60bn of gilts and £10bn of corporate bonds, and also introduced the Term Funding Scheme whereby potentially £100bn of cheap financing was made available to banks.

In the second half of 2016, the UK economy confounded the Bank's pessimistic forecasts of August. After a disappointing quarter 1 of only +0.2% GDP growth, the three subsequent quarters of 2016 came in at +0.6%, +0.5% and +0.7% to produce an annual growth for 2016 overall, compared to 2015, of no less than 1.8%, which was very nearly the fastest rate of growth of any of the G7 countries. Needless to say, this meant that the MPC did not cut Bank Rate again after August but, since then, inflation has risen rapidly due to the effects of the sharp devaluation of sterling after the referendum. By the end of March 2017, sterling was 17% down against the dollar but had not fallen as far against the euro. In February 2017, the latest CPI inflation figure had risen to 2.3%, above the MPC's inflation target of 2%. However, the MPC's view was that it would look through near term supply side driven inflation, (i.e. not raise Bank Rate), caused by sterling's devaluation, despite forecasting that inflation would reach nearly 3% during 2017 and 2018. This outlook, however, is dependent on domestically generated inflation, (i.e. wage inflation), continuing to remain subdued despite the fact that unemployment is at historically very low levels and is on a downward trend. Market expectations for the first increase in Bank Rate moved forward to quarter 3 2018 by the end of March 2017 in response to increasing concerns around inflation.

6. Borrowing Rates in 2016/17

PWLB certainty maturity borrowing rates

During 2016-17, PWLB rates fell from April to June and then gaining fresh downward impetus after the referendum and Bank Rate cut, before staging a partial recovery through to December and then falling slightly through to the end of March. The graph for PWLB rates below show, for a selection of maturity periods, the average borrowing rates, the high and low points in rates, spreads and individual rates at the start and the end of the financial year.



7. Borrowing Outturn for 2016/17

Borrowing

No new loans were taken during the year.

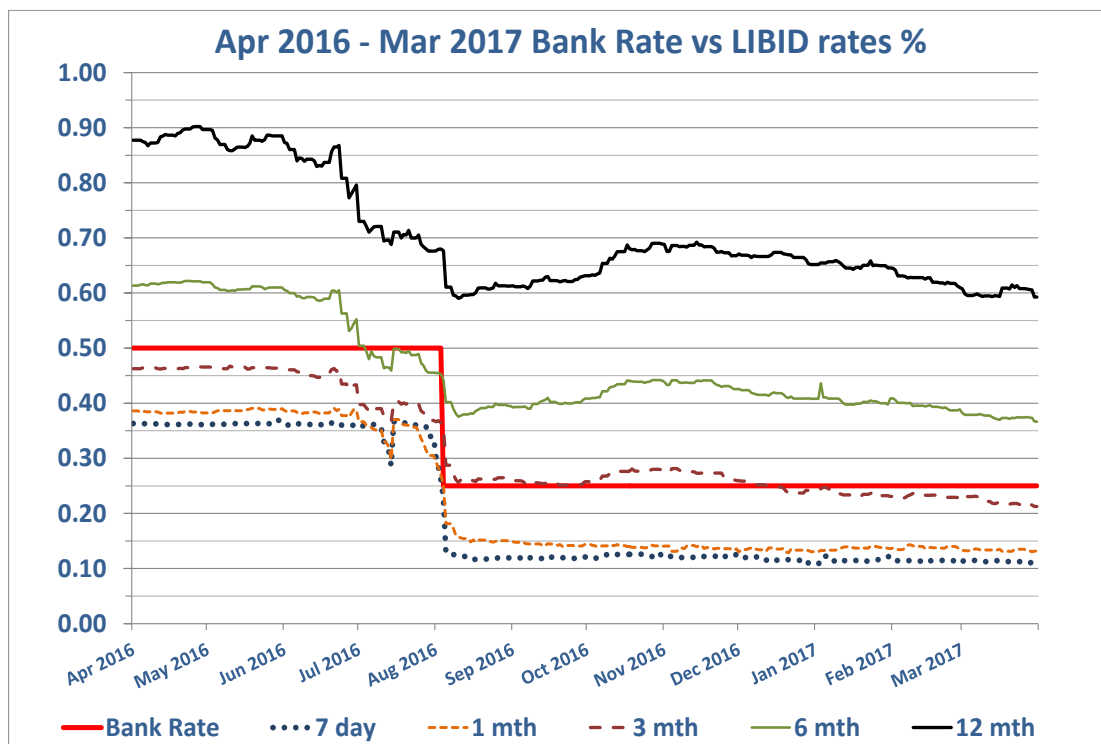
The £1M LOBO loans were repaid in November.
£35K of PWLB loans were repaid during the year

Rescheduling

No rescheduling was done during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

8. Investment Rates in 2016/17

After the EU referendum, Bank Rate was cut from 0.5% to 0.25% on 4 August and remained at that level for the rest of the year. Market expectations as to the timing of the start of monetary tightening started the year at quarter 3 2018, but then moved back to around the end of 2019 in early August before finishing the year back at quarter 3 2018. Deposit rates continued into the start of 2016/17 at previous depressed levels but then fell during the first two quarters and fell even further after the 4 August MPC meeting resulted in a large tranche of cheap financing being made available to the banking sector by the Bank of England. Rates made a weak recovery towards the end of 2016 but then fell to fresh lows in March 2017.



9. Investment Outturn for 2016/17

Investment Policy – the Council’s investment policy is governed by CLG investment guidance, which has been implemented in the annual investment strategy approved by the Council on 11/02/16. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the Fitch credit rating agency for banks and asset size for building society investments.

The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties. However, there was one breach to “investing no more than 10% of outstanding investments with one counter party”. An existing investment was renewed with The Royal Bank of Scotland on 13th March for £2.75M and although the total invested with them remained unchanged, this was slightly over the 10% limit.

Investments placed by Cash Managers – the Council used two external cash managers to invest its cash balances. At the start of the year, Sterling had £1m of outstanding investments, Tradition £27.5m. Sterling ended their contract in December 2014 and as their investments matured, Tradition reinvested the principal. At year end, there were no outstanding investments placed by Sterling and Tradition had £28.5m. The final Sterling investment of £1m matured in June and was reinvested by Tradition.

The performance of the managers against the benchmark return was:

Cash Manager	Investments Placed	Interest	Return	Benchmark*
Sterling	£1M - £0M	£0.003M	1.50%	N/A
Tradition	£27.5M - £28.5M	£0.331M	1.17%	0.25%
Total	£28.5M	£0.334M	1.17%	

* Ave 7 days notice Rate 0.25%

This compares with an original budget of £0.322M.

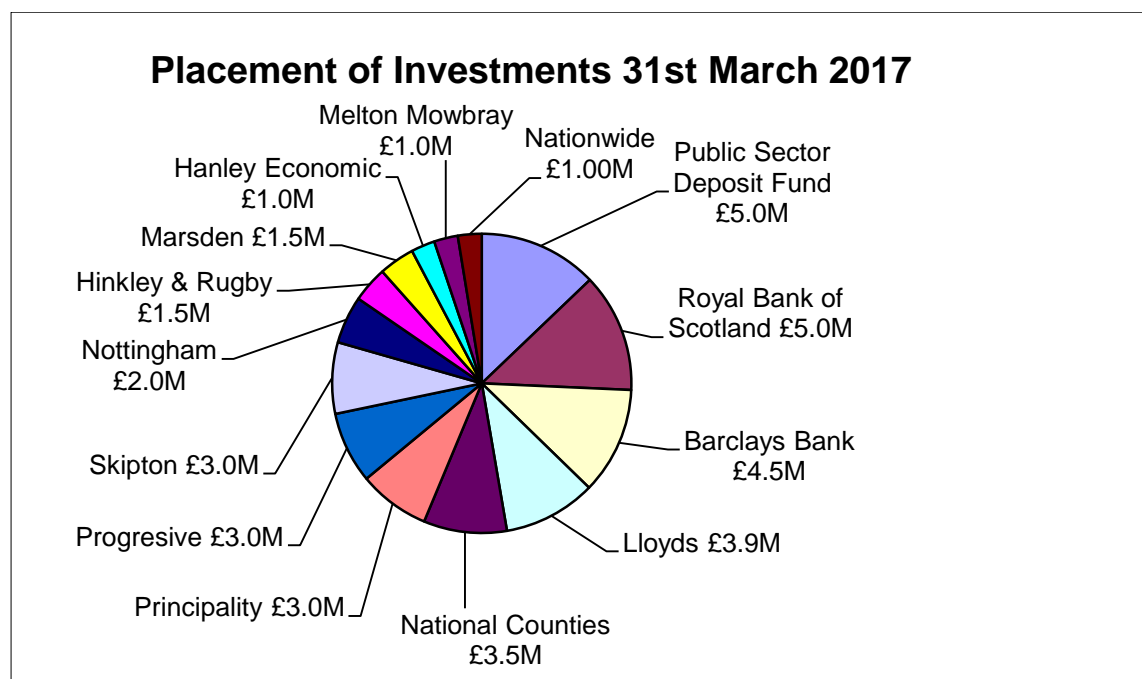
	Ave. Int. Rate Deals made in 1 st Qtr %	Ave. Int. Rate Deals made in 2nd Qtr%	Ave. Int. Rate Deals made in 3rd Qtr %	Ave. Int. Rate Deals made in 4th Qtr %	Ave. Int. Rate Deals made in Year	Ave. Int. Rate for All Investments during Year %
NHDC	0.67	0.65	0.36	0.58	0.60	0.54
Sterling	n/a	n/a	n/a	n/a	n/a	1.50
Tradition	1.27	0.79	0.79	0.69	1.04	1.17

The NHDC figures above do not include interest rates achieved on the Lloyds current account. This started the year at 0.4% but reduced to 0.15% in August.

The table below summaries where investments were held at 31 March and includes the Lloyds Bank interest bearing current account:

	Investments 31 March 2015	Investments 31 March 2016
Banks	£14.90m	£13.40m
Building Societies	£21.50m	£20.50m
Local Authorities	£5.00m	-
Money Market Funds	£0.525m	£5.00m
Total	£41.925m	£38.90m

The pie chart below shows the spread of investment balances as at 31 March 2017. This is a snapshot in time that demonstrates the diversification of investments.



The average daily balance of investments was £51.1m with balances varying between £38.5m and £59.6m.

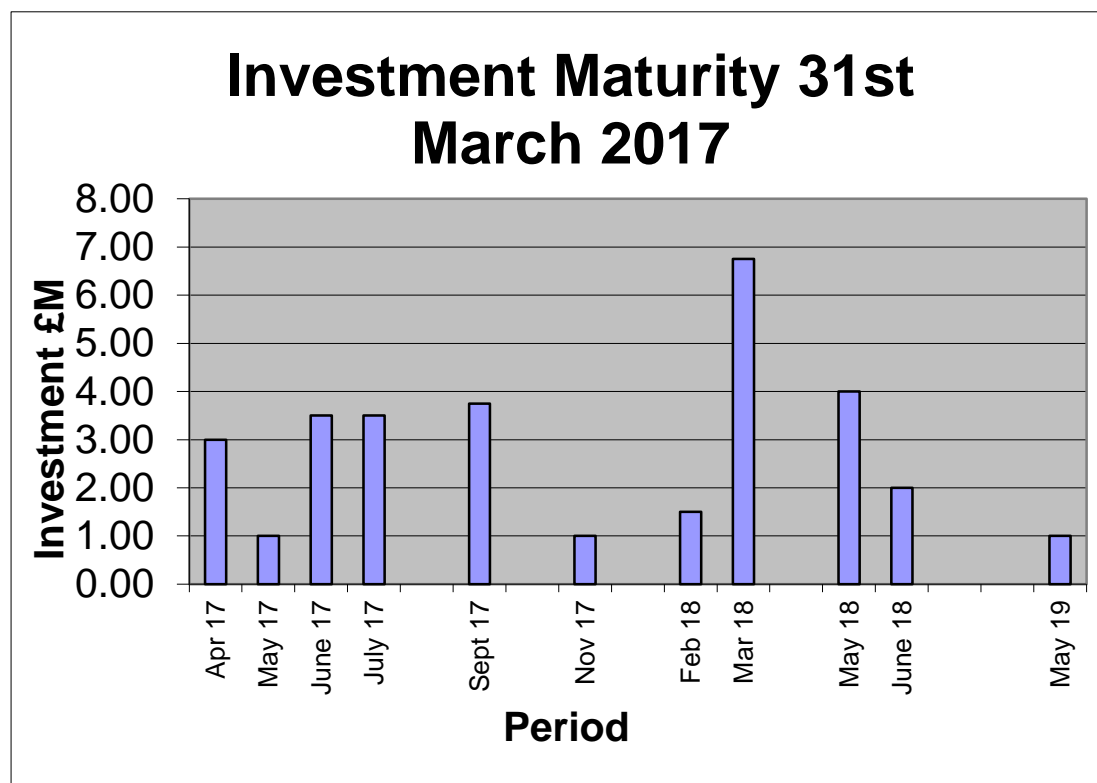
£0.444m of interest was generated from investments during the year. This is slightly more than the estimated interest of £0.440m.

	Average Balance £M	Interest Accrued to 31 March £	Interest Received by 31 March £	Total Interest for the Year £	Average Rate of Return %
NHDC	22.6	2,710	108,067	110,777	0.48
Sterling	0.2	0	3,000	3,000	1.50
Tradition	28.3	200,380	130,134	330,514	1.17
Total	51.1	203,090	242,120	444,291	0.86

Investments held by the Council - the Council maintained an average balance of £22.6m of internally managed funds. The internally managed funds earned £111k of interest with an average rate of return of 0.48%. These figures include interest earned on the Lloyds current account.

Investments held by Sterling - Sterling had one investment for £1M mature in June. This was re-invested by Tradition.

Investments held by Tradition – Tradition maintained an average balance of £28.3M managed funds. This generated £0.331M interest and earned an average rate of return of 1.17%. The graph below shows the maturity profile of investments at 31st March 2017.



CABINET

13 June 2017

PART 1 – PUBLIC DOCUMENT

AGENDA ITEM No.

10

TITLE OF REPORT: CAPITAL PROGRAMME OUTTURN 2016/17

REPORT OF: THE STRATEGIC DIRECTOR OF FINANCE, POLICY & GOVERNANCE

EXECUTIVE MEMBER: CLLR JULIAN CUNNINGHAM

COUNCIL PRIORITY: RESPONSIVE AND EFFICIENT

1. EXECUTIVE SUMMARY

1.1 As at the end of financial year 2016/17, there is a reduction in spend compared to quarter 3 of **£3.745million**. The majority of this change is for expenditure that will now be incurred in 2017/18. The forecast increase in spend in future years is **£3.554million**. The most significant individual change is that the Council was not granted permission to make a Capitalised Pension Fund Contribution, and therefore this is now forecast in 2017/18.

2. RECOMMENDATIONS

2.1 That Cabinet notes expenditure of **£5.686million** in 2016/17 on the capital programme, paragraph 8.2 refers, and in particular the changes detailed in table 3 which resulted in a net decrease on the working estimate of **£0.190million**.

2.2 That Cabinet considers and approves the changes to the capital programme for 2017/18 and onwards as a result of the revised timetable of schemes detailed in table 2, increasing the estimated spend in 2017/18 by **£3.354million** and 2019/20 by **£0.200million** (re-profiled from 2016/17).

2.4 That Cabinet notes the position of the availability of capital resources, as detailed in table 4 paragraph 8.6 and the requirement to keep the capital programme under review for affordability.

2.5 That Cabinet approves the application of **£2.328million** of capital receipts towards the 2016/17 capital programme and the drawdown of **£2.185million** from set aside receipts, paragraph 8.6 refers.

3. REASONS FOR RECOMMENDATIONS

3.1 Cabinet is required to approve revisions to the capital programme.

3.2 Cabinet is required to ensure that the capital programme is fully funded.

4. ALTERNATIVE OPTIONS CONSIDERED

4.1 Options for capital investment are considered as part of the Corporate Business Planning process.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

5.1 Consultation on the capital expenditure report is not required. Members will be aware that consultation is incorporated into project plans of individual capital schemes as they are progressed.

6. FORWARD PLAN

6.1 This report contains a recommendation on a key decision that was first notified to the public in the Forward Plan on the 1st March 2017

7. BACKGROUND

7.1 In February 2016, Council approved the capital programme for 2016/17 to 2019/20. This was subsequently amended by reprogramming from 2015/16 and changes in forecasts at quarter 1, 2 and 3. In February 2017, Council approved the capital programme for 2017/18 to 2020/21.

7.2 The Medium Term Financial Strategy for 2017 to 2022 confirmed that the Council will seek opportunities to utilise capital funding (including set aside receipts) for invest to save schemes and proposals that generate higher rates of return than standard treasury investments. This is one way the Council will allocate resources to support organisational transformation that will reduce revenue expenditure.

8. RELEVANT CONSIDERATIONS

Capital Programme 2016/17

8.1 Summaries of the capital programme by Council priority and service are shown in appendix A together with the overall funding analysis and projected availability of capital funding balances (set aside and capital receipts). The full programme is detailed in Appendix B and shows the revised costs to date, together with the expected spend from 2017/18 to 2020/21 and the funding source for each capital scheme.

8.2 The outturn capital expenditure for 2016/17 is **£5.686million**. This is a reduction of **£3.745million** on that reported at the end of the third quarter. The decrease in spend is largely due to re-profiling spend in to future years. Table 1 below details the changes from what was reported at Quarter 3.

Table 1- Current Capital Estimates (compared to Quarter 3 forecasts)

	2016/17 £M	2017/18 £M	2018/19 to 2020/21 £M
Estimate as at Q3 2016/17	9.431	17.236	7.445
Change from Q3 Estimate	-3.745	3.354	0.200
Outturn 2016/17	5.686	20.590	7.645

8.3 Table 2 lists the schemes in the 2016/17 Capital Programme that will start or continue in 2017/18:

Table 2: Scheme Timetable Revision:

(Key: - = reduction in capital expenditure, + = increase in capital expenditure)

Scheme	2016/17 Working Budget £'000	2016/17 Outturn £'000	Variance £'000	Comments	Estimated impact on 2017/18 onwards £'000
North Herts Leisure Centre Development	1,389	1,457	68	More work has been completed in the year than previously anticipated.	-68
Relay concrete slabs that surround the Hitchin Outdoor Pool	60	25	-35	The works took longer than expected due to the condition of the existing concrete slabs which were being re-laid.	35
Area Visioning	34	5	-26	These funds sit within the Hitchin Area Committee's Budget assigned to enhancements within the regeneration of Bancroft Park & Gardens. The works formed part of the larger project to renovate the play area and there was a delay in the delivery of play equipment.	26
North Herts Museum & Community Facility	810	664	-146	Due to issues with 14/15 Brand Street the fit-out of the museum has taken longer than originally anticipated.	146
Refurbishment of DCO	800	613	-187	The works remain on schedule for completion but the costs of works undertaken by the 31 st March 2017 is slightly lower than previously forecast.	187
Capitalised Pension Fund Contribution	2,500	0	-2,500	This required approval from the Department for Communities and Local Government to grant a capitalisation request, where capital funding is used for what would usually be considered to be revenue purposes. When we last made this type of application (3 years ago) it was granted. This time the application was denied on the basis that our reserves would still be above the minimum level at the end of 2020/21. We have highlighted that this is dependent on the delivery of significant savings and asked if they will reconsider.	2,500

Scheme	2016/17 Working Budget £'000	2016/17 Outturn £'000	Variance £'000	Comments	Estimated impact on 2017/18 onwards £'000
Bancroft Gardens Play Area	75	21	-54	A supplier delay for the delivery of the new play equipment means that the works will be completed in May/June.	54
Norton Common Wheeled Sports Improvements	170	11	-159	Additional consultation on the design delayed the start date. Works on site due to start in the week commencing 29th May and works are scheduled to be completed by August.	159
Storage Facilities	700	515	-185	Other priorities have meant that sufficient officer resource has not been available to complete the IT works.	185
Council property improvements following condition surveys	200	260	60	More works on Council properties were undertaken in final quarter than forecast at 3rd quarter	-60
Refurbishment of Harkness Court	43	0	-43	An options appraisal is being carried out in to whether Careline should move in to the DCO. We are awaiting the outcome of that appraisal before undertaking any works on Harkness Court.	43
Disaster Recovery Set up	89	42	-47	Work still to be undertaken at the Council's Storage and Disaster Recovery Facility. There may be a reduction in budget which will be reported during the year to reflect the competitive tendering process with suppliers breaking each of the requirements down into specific phases	47
IT License Agreement	460	260	-200	The Microsoft License is paid annually. However in order to capitalise the cost, 3 years worth of fees were accrued into 16/17 The budget reflects a 4 year period so the £200k is to be re-profiled into 19/20.	200
Email Encryption Software Solution	0	31	31	The purchase of this software was brought forward in to 16/17 to ensure continuous operation of email encryption. This reduced the potential risk of a Data Protection breach.	-31
Other minor slippage			-131		
Total Revision to Budget Profile			-3,554		

8.4 There are also changes to the overall costs of schemes in 2016/17. These changes total a net reduction of £0.190million and are detailed in Table 3:

Table 3: Changes to Capital Schemes Commencing in 2016/17:

(Key: - = reduction in capital expenditure, + = increase in capital expenditure)

Scheme	2016/17 Working Budget £'000	2016/17 Outturn £'000	Increase/ Decrease £'000	Comments
Disabled Facility Grants (DFG)	654	520	-134	The underspend is primarily accounted for by a significant reduction in Registered Social Landlord (RSL) applications. This mainly relates to one RSL where there have been staffing resource issues. It is understood that these issues has been addressed and applications are likely to be return to more normal levels in 2017/18.
Home Repair Assistance	60	24	-36	Applications for HRA Grants remain low as in 2015/16. Promotional activity regarding these grants was planned this year but it was not possible to carry it out. This will be undertaken in 2017/18. A review of HRA Grants in 2017/18 will be included as part of planned work to update the Private Sector Renewals Policy.
Procurement and Implementation of a single IT platform (Building Control)	53	0	-53	The procurement of the IT equipment is now being met by the new company from application income.
CCTV	16	70	54	Obsolete servers and 10 year old cameras that were failing had to be replaced.
Replacement or upgrade of the environmental health and licensing administration system (ACOLAID)	40	0	-40	Project funded from Revenue.
Other minor changes			19	
Total revision to scheme spend			-190	

8.5 The following capital schemes have been completed during 2016/17:

- Town Lodge Roof Repairs
- Butts Close Renovation
- Smithsons Recreation Ground
- Baldock Road Recreation Ground
- Jackmans Creamery
- Grange Recreation Ground
- Pool filter refurbishment & UV system at NH Leisure Centre

- Replace seating at Hitchin Swim Centre
- Replace main pool grating and overflow gullies at Hitchin Swim Centre
- Demolition of Bancroft Hall
- Demolish tennis courts and landscape area at Bancroft Recreation Ground
- Waste and Street Cleansing Database Management System
- £0.654million of Disabled Facility Grants

Capital Programme 2016/17 Funding onwards

8.6 Table 4 below shows how the Council will fund the 2016/17 capital programme.

Table 4: Funding the Capital Programme:

	2016/17 Balance at start of year £M	2016/17 Additions £M	2016/17 Funding Used £M	2016/17 Balance at end of year £M
Useable Capital Receipts	5.462	0.087	(2.328)	3.221
Set-aside Receipts	18.827		(2.185)	16.642
S106 receipts			(0.457)	
Other third party grants and contributions			(0.716)	
Total	24.289	0.087	(5.686)	

8.7 The availability of third party contributions and grants to fund capital investment is continuously sought in order to reduce pressure on the Council's available capital receipts and allow for further investment.

9. LEGAL IMPLICATIONS

9.1 Cabinet's terms of reference specifically include "to monitor expenditure on the capital programme". The Cabinet also has a responsibility to keep under review the budget of the Council and any other matter having substantial implications for the financial resources of the Council. By considering monitoring reports throughout the financial year Cabinet is able to make informed recommendations on the budget to Council. The Council is under a duty to maintain a balanced budget.

9.2 Asset disposals must be handled in accordance with the Council's Contract Procurement Rules.

10. FINANCIAL IMPLICATIONS

10.1 The main financial implications are covered in section 8 of the report.

10.2 The Authority operates a 10% tolerance limit on capital projects and on this basis over the next four-year programme it should be anticipated that the total spend over the period could be £2.823million higher than the estimated £28.234million.

10.3 The capital programme will need to remain under close review due to the limited availability of capital resources and the affordability in the general fund of the cost of using the Council's capital receipts. When capital receipts are used and not replaced the availability of cash for investment reduces. Consequently interest income from investments reduces. £1.0million currently earns the Authority approximately £8k a

year in interest. The general fund estimates are routinely updated to reflect the reduced income from investments. When the Capital Financing Requirement (CFR) reaches zero the Council will need to start charging a minimum revenue provision to the general fund for the cost of capital and will need to consider borrowing for further capital spend. The CFR at the 31 March 2017 is negative £17million.

- 10.4 The Council also aims to ensure that the level of planned capital spending in any one-year matches the capacity of the organisation to deliver the schemes to ensure that the impact on the revenue budget of loss of cash-flow investment income is minimised.

11. RISK IMPLICATIONS

- 11.1 The inherent risks in undertaking a capital project are managed by the project manager of each individual scheme. These are recorded on a project risk log which will be considered by the Project Board (if applicable). The key risks arising from the project may be recorded on Covalent (the Council's Performance & Risk management software). Some of the major capital projects have been included as the Council's Top Risks (such as the new North Hertfordshire Museum). The Top Risks are monitored by the Finance, Audit and Risk Committee.

- 11.2 Cabinet receives quarterly reports on project progress and forecast spend

12. EQUALITIES IMPLICATIONS

- 12.1 In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2 For any individual new capital investment proposal of £50k or more, or affecting more than two wards, an equality analysis is required to be carried out; this will take place following Cabinet agreement of the investment. A sound management of funds ensures that the Council has sufficient monies to support the improvement of district facilities.

13. SOCIAL VALUE IMPLICATIONS

- 13.1 As the recommendations made in this report do not constitute a public service contract, the measurement of 'social value' as required by the Public Services (Social Value) Act 2012 need not be applied, although equalities implications and opportunities are identified in the relevant section at paragraphs 12. Any individual capital scheme which is subject to the award of a public service contract will be evaluated in terms of its social value through the Council's procurement processes.

14. HUMAN RESOURCE IMPLICATIONS

- 14.1 There are no direct human resource implications.

15. APPENDICES

- 15.1 Appendix A - Capital Programme Summary 2016/17 onwards.
Appendix B - Capital Programme Detail including Funding 2016/17 onwards.

16. CONTACT OFFICERS

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17. BACKGROUND PAPERS

17.1 2017/18 Budget Estimates Book.

<https://www.north-herts.gov.uk/sites/northherts-cms/files/Budget%20Estimates%20Book%202017-18%20Final%20for%20internet.pdf>

By Council Priority

Priority	2015/16		2016/17	2016/17	2017/18	2018/19	2019/20	2020/21
	Outturn	£	Working Estimate	Outturn	Revised Estimate	Revised Estimate	Revised Estimate	Revised Estimate
Attractive & Thriving	623,300		2,022,600	2,105,700	4,962,700	300,000	0	300,000
Prosper & Protect	982,600		1,184,400	1,041,900	2,053,400	2,848,000	150,000	0
Responsive & Efficient	1,918,200		6,223,500	2,538,400	13,573,800	1,275,000	1,677,600	1,094,000
Grand Total	3,524,100		9,430,500	5,686,000	20,589,900	4,423,000	1,827,600	1,394,000

By Service Group

Service Group	2015/16		2016/17	2016/17	2017/18	2018/19	2019/20
	Outturn	£	Working Estimate	Outturn	Movement	Revised Estimate	Revised Estimate
Advances & Cash Incentives	-56,000		0	0	0	548,000	548,000
Asset Management	278,800		1,744,700	1,395,400	-349,300	6,787,400	2,600,000
Building Control	0		53,000	0	-53,000	0	0
CCTV	0		16,000	69,500	53,500	60,000	0
Community Services	145,100		431,500	427,500	-4,000	689,200	250,000
Computer Software and Equipment	316,500		695,500	409,500	-286,000	316,600	100,000
Corporate Items	122,200		2,512,700	2,100	-2,510,600	2,510,600	0
Growth Fund Projects	1,100		20,000	0	-20,000	672,000	0
Leisure Facilities	801,700		2,181,800	1,965,500	-216,300	3,218,900	120,000
Museum & Arts	901,800		871,900	715,000	-156,900	156,900	0
Parking	301,600		154,600	124,700	-29,900	1,084,300	0
Renovation & Reinstatement Grant Expenditure	711,300		713,800	544,300	-169,500	805,000	805,000
Town Centre Enhancement	0		0	0	0	141,000	0
Waste Disposal	0		0	0	0	0	0
Waste collection	0		35,000	32,500	-2,500	3,600,000	0
Grand Total	3,524,100		9,430,500	5,686,000	-3,744,500	20,589,900	4,423,000

Capital Funding Source

Service Group	2015/16		2016/17	2016/17	2017/18	2018/19	2019/20
	Outturn	£	Working Estimate	Outturn	Movement	Revised Estimate	Revised Estimate
Capital Receipt	876,900		2,469,600	2,328,100	-141,500	3,570,500	2,521,200
Government Grant	361,800		673,800	520,200	-153,600	1,508,000	653,800
IT Reserve	0		0	0	0	0	0
Revenue Contribution	0		4,300	0	-4,300	0	0
Other Capital Contributions	539,600		881,200	196,100	-685,100	163,000	0
S106 Funding	378,100		535,100	457,000	-78,100	552,800	0
Drawdown of cash investments	1,367,700		4,866,500	2,184,600	-2,681,900	14,795,600	1,248,000
Grand Total	3,524,100		9,430,500	5,686,000	-3,744,500	20,589,900	4,423,000

Capital Receipt Analysis

	2015/16	2016/17	2016/17	2017/18	2018/19	2019/20
	Outturn	Working Budget	Revised Funding	Estimate	Estimate	Estimate
	£	£	£	£	£	£
B/fwd Capital Receipt Funding	-851,000	-5,461,900	-5,461,900	-3,221,172	-690,672	-569,472
Add: Capital Receipts Received in Year	-5,487,800	0	-87,372	-87,372	-1,040,000	-1,750,000
Less: Capital Receipts Used in Year	876,900	2,469,600	2,328,100	-141,500	3,570,500	2,521,200
C/Fwd Capital Receipt Funding	-5,461,900	-2,992,300	-3,221,172	-228,872	-690,672	-569,472

Set-Aside Receipts Analysis

	2015/16	2016/17	2016/17	2017/18	2018/19	2019/20
	Outturn	Working Budget	Revised Funding	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000	£'000
B/fwd Set-Aside Receipt Funding	-20,194,700	-18,827,000	-18,827,000	-16,642,400	-1,846,800	-598,800
Set-Aside Receipts Received in Year	0	0	0	0	0	0
Set -Aside Receipts Used in Year	1,367,700	4,866,500	2,184,600	-2,681,900	14,795,600	1,248,000
C/Fwd Set-Aside Receipt Funding	-18,827,000	-13,960,500	-16,642,400	-2,681,900	-1,846,800	-598,800

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Project	Funding Source	2015/16 Outturn Funding £	2016/17 Outturn Funding £	2017/18 Revised Funding £	2018/19 Revised Funding £	2019/20 Revised Funding £	2020/21 Revised Funding £
Advances & Cash Incentives							
Dark Lane, Sandon	S106 Funding	-106,000					
Dark Lane, Sandon Total		-106,000	0	0	0	0	0
John Barker Place, Hitchin	Capital Reserves			277,600	548,000		
	S106 Funding			270,400			
John Barker Place, Hitchin Total		0	0	548,000	548,000	0	0
Ling Dynamics (Jephson Housing Association) 15 units	Capital Reserves	50,000					
Ling Dynamics (Jephson Housing Association) 15 units Total		50,000	0	0	0	0	0
Advances & Cash Incentives Total		-56,000	0	548,000	548,000	0	0
Asset Management							
Capital enhancement programme	Capital Reserves	49,000					
Capital enhancement programme Total		49,000	0	0	0	0	0
Council property improvements following condition surveys	Capital Reserves		260,000	640,000	300,000		
Council property improvements following condition surveys Total		0	260,000	640,000	300,000	0	0
Energy efficiency measures	Capital Reserves			60,000			
Energy efficiency measures Total		0	0	60,000	0	0	0
Making Good Trip Hazards, Hitchin Town Centre	Capital Reserves			25,000			
Making Good Trip Hazards, Hitchin Town Centre Total		0	0	25,000	0	0	0
Premises compliance enhancements	Capital Reserves	25,000	-100				
Premises compliance enhancements Total		25,000	-100	0	0	0	0
Provide housing at market rents.	Capital Reserves			550,000	2,300,000	150,000	
Provide housing at market rents. Total		0	0	550,000	2,300,000	150,000	0
Re roofing to Council Chamber, DCO, Letchworth	Capital Reserves	-1,700					
Re roofing to Council Chamber, DCO, Letchworth Total		-1,700	0	0	0	0	0
Refurbishment of DCO	Capital Reserves	166,000	613,200	5,105,000			
Refurbishment of DCO Total		166,000	613,200	5,105,000	0	0	0
Refurbishment of Harkness Court	Capital Reserves		0	43,000			
Refurbishment of Harkness Court Total		0	0	43,000	0	0	0
Replacement of Walsworth Common Access Bridge	Capital Reserves		5,500	179,500			
Replacement of Walsworth Common Access Bridge Total		0	5,500	179,500	0	0	0
St John's Chapel Hitchin, Re-roofing	Capital Reserves		200				
St John's Chapel Hitchin, Re-roofing Total		0	200	0	0	0	0
Storage Facilities	Capital Reserves		515,100	184,900			
Storage Facilities Total		0	515,100	184,900	0	0	0
Town Lodge - Various patch repairs to the roof	Capital Reserves	40,500	1,500				
Town Lodge - Various patch repairs to the roof Total		40,500	1,500	0	0	0	0
Asset Management Total		278,800	1,395,400	6,787,400	2,600,000	150,000	0
CCTV							
Mobile CCTV camera replacement	Capital Receipt		2,700				
	Capital Reserves		66,800				
Mobile CCTV camera replacement Total		0	69,500	0	0	0	0
Replacement of neighbourhood CCTV equipment	Capital Reserves			60,000			
Replacement of neighbourhood CCTV equipment Total		0	0	60,000	0	0	0

Project	Funding Source	2015/16 Outturn Funding £	2016/17 Outturn Funding £	2017/18 Revised Funding £	2018/19 Revised Funding £	2019/20 Revised Funding £	2020/21 Revised Funding £
CCTV Total		0	69,500	60,000	0	0	0
Community Services							
Area Visioning							
	Capital Reserves	5,000	4,600	26,400			
Area Visioning Total		5,000	4,600	26,400	0	0	0
Baldock Town Hall project							
	Capital Reserves	11,600	13,200	76,800			
	S106 Funding	8,000					
Baldock Town Hall project Total		19,600	13,200	76,800	0	0	0
Demolition of Bancroft Hall							
	Capital Reserves	2,500	44,800				
Demolition of Bancroft Hall Total		2,500	44,800	0	0	0	0
Refurbishment and improvement of community facilities							
	Capital Reserves			586,000	250,000	250,000	120,000
Refurbishment and improvement of community facilities Total		0	0	586,000	250,000	250,000	120,000
Rural Community Halls Grant Scheme							
	Capital Reserves	29,600					
	Other Capital Contributions		10,200				
Rural Community Halls Grant Scheme Total		29,600	10,200	0	0	0	0
S106 Projects							
	Capital Reserves	600					
	S106 Funding	82,300	354,200				
S106 Projects Total		82,900	354,200	0	0	0	0
Westmill Community Centre Design Work							
	Capital Reserves		500				
	Other Capital Contributions	5,500					
Westmill Community Centre Design Work Total		5,500	500	0	0	0	0
Community Services Total		145,100	427,500	689,200	250,000	250,000	120,000
Computer Software and Equipment							
3sixty Citizen Web Access							
	Capital Reserves	5,700					
3sixty Citizen Web Access Total		5,700	0	0	0	0	0
40 KVA UPS Device or Battery Replacement							
	Capital Reserves			20,000		7,000	
40 KVA UPS Device or Battery Replacement Total		0	0	20,000	0	7,000	0
Additional PC's - Support Home Working/OAP							
	Capital Reserves			13,000		13,000	
Additional PC's - Support Home Working/OAP Total		0	0	13,000	0	13,000	0
Additional Storage							
	Capital Reserves			12,000		13,000	
Additional Storage Total		0	0	12,000	0	13,000	0
Alternative to safeword tokens for staff/members working remotely							
	Capital Reserves					8,000	
Alternative to safeword tokens for staff/members working remotely Total		0	0	0	0	8,000	0
Back-up Diesel 40 KVA Generator (DCO)							
	Capital Reserves					20,000	
Back-up Diesel 40 KVA Generator (DCO) Total		0	0	0	0	20,000	0
Bring forward part of PC refresh programme to enable efficient decanting							
	Capital Reserves	12,700					
Bring forward part of PC refresh programme to enable efficient decanting Total		12,700	0	0	0	0	0
Cabinet Switches - 4 Floors							
	Capital Reserves			15,000	18,000		
Cabinet Switches - 4 Floors Total		0	0	15,000	18,000	0	0
Careline Call Handling Hardware and Software							
	Capital Reserves		0	4,600			
Careline Call Handling Hardware and Software Total		0	0	4,600	0	0	0
Careline Community Alarms							
	Capital Reserves	31,100	3,200				
Careline Community Alarms Total		31,100	3,200	0	0	0	0

Project	Funding Source	2015/16 Outturn Funding £	2016/17 Outturn Funding £	2017/18 Revised Funding £	2018/19 Revised Funding £	2019/20 Revised Funding £	2020/21 Revised Funding £
Channel shift - processing of housing register applications							
	Capital Reserves			20,000	20,000		
Channel shift - processing of housing register applications Total		0	0	20,000	20,000	0	0
Core Backbone Switch							
	Capital Reserves		10,100		17,000	20,000	
Core Backbone Switch Total		0	10,100	0	17,000	20,000	0
Customer Relationship Manager software v8							
	Capital Reserves	1,800	1,000				
Customer Relationship Manager software v8 Total		1,800	1,000	0	0	0	0
Customer Self Serve Module							
	Capital Reserves			3,000			
Customer Self Serve Module Total		0	0	3,000	0	0	0
Dell Servers							
	Capital Reserves					65,000	
Dell Servers Total		0	0	0	0	65,000	0
DR Set-up							
	Capital Reserves		42,100	47,400		25,000	
DR Set-up Total		0	42,100	47,400	0	25,000	0
EA Agreement (MS EA)							
	Capital Reserves		235,400	0		199,600	
EA Agreement (MS EA)		0	235,400	0	0	199,600	0
Email / Web Gateway with SPAM Filtering Software Solution - Licence 3 Year Contract							
	Capital Reserves			39,000			39,000
Email / Web Gateway with SPAM Filtering Software Solution - Licence 3 Year Contract Total		0	0	39,000	0	0	39,000
Email Encryption Software Solution							
	Capital Reserves		31,100	13,900			45,000
Email Encryption Software Solution Total		0	31,100	13,900	0	0	45,000
Equipment Refresh: Laptops							
	Capital Reserves	5,400					
Equipment Refresh: Laptops Total		5,400	0	0	0	0	0
Equipment Refresh: PC's Refresh Programme							
	Capital Reserves	9,000					
Equipment Refresh: PC's Refresh Programme Total		9,000	0	0	0	0	0
Financial System upgrade - E-series							
	Capital Reserves		3,700				
Financial System upgrade - E-series Total		0	3,700	0	0	0	0
Infrastructure: 40 KVA UPS Device or Battery Replacement							
	Capital Reserves	6,900					
Infrastructure: 40 KVA UPS Device or Battery Replacement Total		6,900	0	0	0	0	0
Infrastructure: Back-Up Diesel 40 KVA Generator DCO							
	Capital Reserves		12,800				
Infrastructure: Back-Up Diesel 40 KVA Generator DCO Total		0	12,800	0	0	0	0
Laptops - Refresh Programme							
	Capital Reserves				6,000		
Laptops - Refresh Programme Total		0	0	0	6,000	0	0
New Blade Enclosure							
	Capital Reserves					32,000	
New Blade Enclosure Total		0	0	0	0	32,000	0
PC refresh programme							
	Capital Reserves	19,000					
PC refresh programme Total		19,000	0	0	0	0	0
PC's - Refresh Programme							
	Capital Reserves		25,000	17,000	17,000	17,000	
PC's - Refresh Programme Total		0	25,000	17,000	17,000	17,000	0
Permit gateway Citizen - to enable customers to renew permits on line							
	Capital Reserves		4,300	10,700			
Permit gateway Citizen - to enable customers to renew permits on line Total		0	4,300	10,700	0	0	0
Recording of Council Meetings							
	Capital Reserves			64,000			
Recording of Council Meetings Total		0	0	64,000	0	0	0
Replacement SAN							
	Capital Reserves					110,000	
Replacement SAN Total		0	0	0	0	110,000	0

Project	Funding Source	2015/16 Outturn Funding £	2016/17 Outturn Funding £	2017/18 Revised Funding £	2018/19 Revised Funding £	2019/20 Revised Funding £	2020/21 Revised Funding £
Security - Firewalls							
	Capital Reserves			10,000	14,000		
Security - Firewalls Total		0	0	10,000	14,000	0	0
Server / Infrastructure Refresh							
	Capital Reserves	224,900	-4,200				
Server / Infrastructure Refresh Total		224,900	-4,200	0	0	0	0
Software Asset Management (Carried Forward)							
	Capital Reserves			13,000			
Software Asset Management (Carried Forward) Total		0	0	13,000	0	0	0
Software for personalised bills and annual billing.							
	Capital Reserves		12,900	6,000			
Software for personalised bills and annual billing. Total		0	12,900	6,000	0	0	0
SQL Licence Costs							
	Capital Reserves		25,000				
SQL Licence Costs Total		0	25,000	0	0	0	0
Tablets - Android Devices							
	Capital Reserves		7,100	8,000	8,000	8,000	
Tablets - Android Devices Total		0	7,100	8,000	8,000	8,000	0
Computer Software and Equipment Total		316,500	409,500	316,600	100,000	537,600	84,000
Corporate Items							
Capitalised Pension Fund Contribution							
	Capital Reserves		0	2,500,000			
Capitalised Pension Fund Contribution Total		0	0	2,500,000	0	0	0
Telephony system							
	Capital Reserves	122,200	2,100	10,600			
Telephony system Total		122,200	2,100	10,600	0	0	0
Corporate Items Total		122,200	2,100	2,510,600	0	0	0
Growth Fund Projects							
Cycle Strategy implementation (GAF)							
	Government Grant			278,000			
Cycle Strategy implementation (GAF) Total		0	0	278,000	0	0	0
Green Infrastructure implementation (GAF)							
	Government Grant	1,100	0	185,000			
Green Infrastructure implementation (GAF) Total		1,100	0	185,000	0	0	0
Transport Plans implementation (GAF)							
	Government Grant			209,000			
Transport Plans implementation (GAF) Total		0	0	209,000	0	0	0
Growth Fund Projects Total		1,100	0	672,000	0	0	0
Leisure Facilities							
Baldock Road Recreation Grounds							
	Capital Reserves	4,500	62,300				
Baldock Road Recreation Grounds Total		4,500	62,300	0	0	0	0
Bancroft Gardens Play Area							
	Capital Reserves		12,800	2,200			
	S106 Funding		8,300	51,700			
Bancroft Gardens Play Area Total		0	21,100	53,900	0	0	0
Bancroft Recreation Ground, Hitchin, Multi Use Games Area (MUGA)							
	Capital Reserves			24,100			
	Other Capital Contributions			80,000			
	S106 Funding			65,900			
Bancroft Recreation Ground, Hitchin, Multi Use Games Area (MUGA) Total		0	0	170,000	0	0	0
Bush Spring Play Area Renovation, Baldock							
	Capital Reserves	27,100					
	S106 Funding	50,000					
Bush Spring Play Area Renovation, Baldock Total		77,100	0	0	0	0	0
Butts Close renovation, Hitchin							
	Capital Reserves		3,700				
	S106 Funding		14,200				

Project	Funding Source	2015/16 Outturn Funding £	2016/17 Outturn Funding £	2017/18 Revised Funding £	2018/19 Revised Funding £	2019/20 Revised Funding £	2020/21 Revised Funding £
Butts Close renovation, Hitchin Total		0	17,900	0	0	0	0
Construction of pathway and roadway, Wilbury Hills Cemetery, Letchworth							
	Capital Reserves				35,000		
Construction of pathway and roadway, Wilbury Hills Cemetery, Letchworth Total		0	0	0	35,000	0	0
Demolish 4 disused tennis courts and landscape to grass and planted area at Bancroft Recreation Ground, Hitchin							
	Capital Reserves		38,200				
Demolish 4 disused tennis courts and landscape to grass and planted area at Bancroft Recreation Ground, Hitchin Total		0	38,200	0	0	0	0
Electronic Gates installation							
	Capital Reserves	17,800					
	Other Capital Contributions						
	S106 Funding						
Electronic Gates installation Total		17,800	0	0	0	0	0
Grange Recreation Ground Improvements							
	Capital Reserves	2,500	12,400				
	S106 Funding		2,800				
Grange Recreation Ground Improvements Total		2,500	15,200	0	0	0	0
Hitchin Garden of Remembrance							
	Capital Reserves	3,400					
Hitchin Garden of Remembrance Total		3,400	0	0	0	0	0
Hitchin Outdoor Pool Showers and Toilets							
	Capital Reserves			75,000			
Hitchin Outdoor Pool Showers and Toilets Total		0	0	75,000	0	0	0
Hitchin Swim Centre - small paddling pool resurfacing							
	Capital Reserves	700	500				
Hitchin Swim Centre - small paddling pool resurfacing Total		700	500	0	0	0	0
Hitchin Swim Centre multi use leisure facilities							
	Capital Reserves	2,600					
Hitchin Swim Centre multi use leisure facilities Total		2,600	0	0	0	0	0
Hitchin Swimming Centre Lift							
	Capital Reserves			100,000			
Hitchin Swimming Centre Lift Total		0	0	100,000	0	0	0
Hitchin Swimming Pool Car Park extension							
	Capital Reserves		2,500	275,900			
Hitchin Swimming Pool Car Park extension Total		0	2,500	275,900	0	0	0
Introduce a Traffic Regulation Order and Car park ticket machines into the 2 car parks at Norton Common							
	Capital Reserves		11,000				
Introduce a Traffic Regulation Order and Car park ticket machines into the 2 car parks at Norton Common Total		0	11,000	0	0	0	0
Jackmans Central Play Area Renovation							
	Capital Reserves			75,000			
Jackmans Central Play Area Renovation Total		0	0	75,000	0	0	0
Jackmans Creamery, Letchworth							
	Capital Reserves	5,500	23,400				
Jackmans Creamery, Letchworth Total		5,500	23,400	0	0	0	0
Letchworth Outdoor Pool Showers and Toilets							
	Capital Reserves			75,000			
Letchworth Outdoor Pool Showers and Toilets Total		0	0	75,000	0	0	0
Neighbourhood Parks renovation							
	Capital Reserves	48,400					
Neighbourhood Parks renovation Total		48,400	0	0	0	0	0
North Herts Leisure Centre Development							
	Capital Reserves	114,200	1,408,900	1,922,200			
	S106 Funding	126,100	48,100				
North Herts Leisure Centre Development Total		240,300	1,457,000	1,922,200	0	0	0
North Herts Leisure Centre Roof Replacement							
	Capital Reserves	3,300					
North Herts Leisure Centre Roof Replacement Total		3,300	0	0	0	0	0
Norton Common Wheeled Sports improvements							
	S106 Funding	1,600	11,000	159,000			
Norton Common Wheeled Sports improvements Total		1,600	11,000	159,000	0	0	0
Pool filter refurb and UV system at North Herts Leisure Centre							

Project	Funding Source	2015/16 Outturn Funding £	2016/17 Outturn Funding £	2017/18 Revised Funding £	2018/19 Revised Funding £	2019/20 Revised Funding £	2020/21 Revised Funding £
	Capital Reserves		54,600				
Pool filter refurb and UV system at North Herts Leisure Centre Total		0	54,600	0	0	0	0
Purwell Recreation Ground Improvements							
	Capital Reserves	14,200					
	S106 Funding	2,800					
Purwell Recreation Ground Improvements Total		17,000	0	0	0	0	0
Ransoms Recreation Ground Play Area, Hitchin							
	S106 Funding	10,600					
Ransoms Recreation Ground Play Area, Hitchin Total		10,600	0	0	0	0	0
Relay concrete slabs that surround the Hitchin outdoor pool.							
	Capital Reserves		24,600	35,400			
Relay concrete slabs that surround the Hitchin outdoor pool. Total		0	24,600	35,400	0	0	0
Renew pathways at Bancroft Recreation Ground, Hitchin							
	Capital Reserves		0	50,000			
Renew pathways at Bancroft Recreation Ground, Hitchin Total		0	0	50,000	0	0	0
Renovate play area Howard Park, Letchworth							
	Capital Reserves						75,000
Renovate play area Howard Park, Letchworth Total		0	0	0	0	0	75,000
Renovate play area King George V Recreation Ground, Hitchin							
	Capital Reserves					75,000	
Renovate play area King George V Recreation Ground, Hitchin Total		0	0	0	0	75,000	0
Renovate play area, District Park, Gt. Ashby							
	Capital Reserves				75,000		
Renovate play area, District Park, Gt. Ashby Total		0	0	0	75,000	0	0
Replace items of equipment, Brook View, Hitchin							
	Capital Reserves			10,000			
Replace items of equipment, Brook View, Hitchin Total		0	0	10,000	0	0	0
Replace items of play equipment Holroyd Cres, Baldock							
	Capital Reserves						10,000
Replace items of play equipment Holroyd Cres, Baldock Total		0	0	0	0	0	10,000
Replace items of play equipment Wilbury Recreation Ground, Letchworth							
	Capital Reserves					10,000	
Replace items of play equipment Wilbury Recreation Ground, Letchworth Total		0	0	0	0	10,000	0
Replace items of play equipment, Chiltern Road, Baldock							
	Capital Reserves				10,000		
Replace items of play equipment, Chiltern Road, Baldock Total		0	0	0	10,000	0	0
Replace main pool grating and overflow gullies at Hitchin Swim Centre							
	Capital Reserves		51,500				
Replace main pool grating and overflow gullies at Hitchin Swim Centre Total		0	51,500	0	0	0	0
Replace seating at Hitchin Swimming Centre							
	Capital Reserves	47,900	9,900				
Replace seating at Hitchin Swimming Centre Total		47,900	9,900	0	0	0	0
Royston Cemetery Pathways and Roadways							
	Capital Reserves	32,800					
Royston Cemetery Pathways and Roadways Total		32,800	0	0	0	0	0
Serby Avenue Play Area renovation, Royston							
	Capital Reserves		67,200	7,800			
Serby Avenue Play Area renovation, Royston Total		0	67,200	7,800	0	0	0
Smithsons Recreation Ground							
	Capital Reserves		5,900				
	S106 Funding	3,200	18,400				
Smithsons Recreation Ground Total		3,200	24,300	0	0	0	0
Splash Park at Bancroft Recreation Ground							
	Capital Reserves		28,300	10,900			
	S106 Funding	158,200		800			
Splash Park at Bancroft Recreation Ground Total		158,200	28,300	11,700	0	0	0
Splash Park at Priory Memorial, Royston							
	Capital Reserves	83,000	45,000	15,000			
	S106 Funding	29,000					
Splash Park at Priory Memorial, Royston Total		112,000	45,000	15,000	0	0	0

Project	Funding Source	2015/16 Outturn Funding £	2016/17 Outturn Funding £	2017/18 Revised Funding £	2018/19 Revised Funding £	2019/20 Revised Funding £	2020/21 Revised Funding £
Walsworth Common Pavilion - contribution to scheme							
	Capital Reserves						13,000
	Other Capital Contributions						250,000
	S106 Funding						37,000
Swinburne Playing Fields Improvements Total		0	0	0	0	0	300,000
Ultra Violet water disinfection system							
	Capital Reserves			50,000			
Ultra Violet water disinfection system Total		0	0	50,000	0	0	0
Walsworth Common Pitch Improvements							
	Capital Reserves			15,000			
	Other Capital Contributions			83,000			
	S106 Funding			5,000			
Walsworth Common Pitch Improvements Total		0	0	103,000	0	0	0
Walsworth Common Play Area, Hitchin							
	S106 Funding	12,300					
Walsworth Common Play Area, Hitchin Total		12,300	0	0	0	0	0
Walsworth Common Reconstruction of Car Park							
	Capital Reserves			30,000			
Walsworth Common Reconstruction of Car Park Total		0	0	30,000	0	0	0
Leisure Facilities Total		801,700	1,965,500	3,218,900	120,000	85,000	385,000
Museum & Arts							
Burymead Road - new roof waterproofing system							
	Capital Reserves	1,900	51,200	10,300			
Burymead Road - new roof waterproofing system Total		1,900	51,200	10,300	0	0	0
NH Museum & Community Facility							
	Capital Reserves	365,800	477,900	146,600			
	Other Capital Contributions	534,100	185,900				
NH Museum & Community Facility Total		899,900	663,800	146,600	0	0	0
Museum & Arts Total		901,800	715,000	156,900	0	0	0
Parking							
Lairage Multi Storey Safety and Equalities Act improvements							
	Capital Reserves			40,000			
Lairage Multi Storey Safety and Equalities Act improvements Total		0	0	40,000	0	0	0
Improvements to fixing systems to glazed walkway, Lairage Car Park, Hitchin							
	Capital Reserves	1,200	56,900				
Improvements to fixing systems to glazed walkway, Lairage Car Park, Hitchin Total		1,200	56,900	0	0	0	0
Installation of trial on-street charging (GAF)							
	Government Grant			50,000			
Installation of trial on-street charging (GAF) Total		0	0	50,000	0	0	0
Lairage Multi-Storey Car Par - Structural wall repairs							
	Capital Reserves	139,200	-2,400	125,700			
Lairage Multi-Storey Car Par - Structural wall repairs Total		139,200	-2,400	125,700	0	0	0
Lairage multi-storey car park - white lighting							
	Capital Reserves	58,700					
Lairage multi-storey car park - white lighting Total		58,700	0	0	0	0	0
Letchworth Multi Storey Enhancements							
	Capital Reserves			70,000			
Letchworth Multi Storey Enhancements Total		0	0	70,000	0	0	0
Letchworth Multi Storey Safety Edge Protection Fencing							
	Capital Reserves		0	120,000			
Letchworth Multi Storey Safety Edge Protection Fencing Total		0	0	120,000	0	0	0
Letchworth Multi Storey Structural Investigations							
	Capital Reserves	600		39,400			
Letchworth Multi Storey Structural Investigations Total		600	0	39,400	0	0	0
Letchworth Multi_storey Car Park - parapet walls, soffit & decoration							
	Capital Reserves	3,000	0	146,500			

Project	Funding Source	2015/16 Outturn Funding £	2016/17 Outturn Funding £	2017/18 Revised Funding £	2018/19 Revised Funding £	2019/20 Revised Funding £	2020/21 Revised Funding £
Letchworth Multi_storey Car Park - parapet walls, soffit & decoration Total		3,000	0	146,500	0	0	0
Letchworth multi-storey car park - lighting	Capital Reserves	-4,200		22,700			
Letchworth multi-storey car park - lighting Total		-4,200	0	22,700	0	0	0
New Handheld Equipment for Parking Enforcement	Capital Reserves	20,500					
New Handheld Equipment for Parking Enforcement Total		20,500	0	0	0	0	0
Off Street Car Parks resurfacing and enhancement	Capital Reserves	82,600	68,800	151,200			
Off Street Car Parks resurfacing and enhancement Total		82,600	68,800	151,200	0	0	0
Replace and enhance lighting at St Mary's Car Park	Capital Reserves			60,000			
Replace and enhance lighting at St Mary's Car Park Total		0	0	60,000	0	0	0
St Mary's car park. Structural repairs to steps	Capital Reserves		1,400	23,800			
St Mary's car park. Structural repairs to steps Total		0	1,400	23,800	0	0	0
Town Centre pay & display machines for on-street charging	Capital Reserves			235,000			
Town Centre pay & display machines for on-street charging Total		0	0	235,000	0	0	0
Parking Total		301,600	124,700	1,084,300	0	0	0
Renovation & Reinstatement Grant Expenditure							
Mandatory Disabled Facility Grants							
	Capital Reserves	320,200			91,200	91,200	91,200
	Government Grant	360,700	520,200	745,000	653,800	653,800	653,800
Mandatory Disabled Facility Grants Total		680,900	520,200	745,000	745,000	745,000	745,000
Private Sector Grants							
	Capital Reserves	30,400	24,100	60,000	60,000	60,000	60,000
Private Sector Grants Total		30,400	24,100	60,000	60,000	60,000	60,000
Renovation & Reinstatement Grant Expenditure Total		711,300	544,300	805,000	805,000	805,000	805,000
Town Centre Enhancement							
Royston Civic Centre Site redevelopment (GAF)							
	Government Grant			41,000			
Royston Civic Centre Site redevelopment (GAF) Total		0	0	41,000	0	0	0
Warren Car Park redevelopment	Capital Reserves			100,000			
Warren Car Park redevelopment Total		0	0	100,000	0	0	0
Town Centre Enhancement Total		0	0	141,000	0	0	0
Waste collection							
Waste and Street Cleansing Data Mgmt							
	Capital Reserves		32,500				
Waste and Street Cleansing Data Mgmt Total		0	32,500	0	0	0	0
Waste and Street Cleansing Vehicles	Capital Reserves			3,600,000			
Waste and Street Cleansing Vehicles Total		0	0	3,600,000	0	0	0
Waste collection Total		0	32,500	3,600,000	0	0	0
Grand Total		3,524,100	5,686,000	20,589,900	4,423,000	1,827,600	1,394,000

CABINET
13 JUNE 2017

***PART 1 – PUBLIC DOCUMENT**

AGENDA ITEM No.

11

TITLE OF REPORT: CORPORATE OBJECTIVES FOR 2018-2023

REPORT OF: STRATEGIC DIRECTOR FOR FINANCE, POLICY & GOVERNANCE
EXECUTIVE MEMBER: COUNCILLOR RAY SHAKESPEARE-SMITH
COUNCIL PRIORITY: ATTRACTIVE AND THRIVING / PROSPER AND PROTECT / RESPONSIVE AND EFFICIENT

1. EXECUTIVE SUMMARY

This report recommends Corporate Objectives for 2018/23 to guide and inform the 2018/19 Corporate Business Planning Process.

2. RECOMMENDATIONS

2.1 That Cabinet recommends to Full Council the continuation of the Corporate Objectives below for 2018 to 2023;

1. **To work with our partners to provide an attractive and safe environment for our residents, where diversity is welcomed and the disadvantaged are supported;**
2. **To promote sustainable growth within our district to ensure economic and social opportunities exist for our communities, whilst remaining mindful of our cultural and physical heritage;**
3. **To ensure that the Council delivers cost effective and necessary services to our residents that are responsive to developing need and financial constraints.**

3. REASONS FOR RECOMMENDATIONS

3.1 To allow Cabinet and Council to consider the Corporate Objectives which will guide the corporate business planning process for 2018/19 through to 2023.

4. ALTERNATIVE OPTIONS CONSIDERED

4.1 The option to change the Objectives from those used for the 2016/17 and 2017/18 Corporate Business Planning process was considered but discounted since the aspects which informed their original adoption in 2015 remain valid for the foreseeable future.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 No external consultation has been undertaken in the preparation of this report. Members will, however, be aware that consultation is an integral part of the Corporate Business Planning process, and consultation on the individual actions and projects planned to support the Objectives will be carried out in accordance with the Corporate Business Planning Timetable. Wherever it is available, use will be made of valid opinion research data and, where applicable, outcomes of the Districtwide Survey.
- 5.2 As in previous years, Member workshops will be held in regard to corporate business planning proposals, in addition to seeking the views of the Finance Audit and Risk Committee, the North Hertfordshire Partnership (LSP), parish, town and community councils, panel of residents, statutory partners and business ratepayers views as appropriate

6. FORWARD PLAN

- 6.1 This report contains a recommendation on a key decision that was first notified to the public in the Forward Plan on the 1st March 2017.

7. BACKGROUND

- 7.1 Before considering the detailed budget position for the authority, the Corporate Business Planning Process requires that the Council's objectives are determined. Budgets must then be allocated to ensure their achievement; this is known as 'policy led' budgeting and enables the authority to best reflect not only services it must deliver by statute, but those over which it has a degree of discretion.
- 7.2 The Council's budget and its objectives are inextricably linked. There is no point in having a service or key project that cannot be funded and no point in spending limited resources (including staff resources) if they are not achieving the objectives that have been set. This aligns the agreed Policy of the Council with the finances which will deliver it. The Medium Term Financial Strategy (MTFS) five year plan which informs the Council's budgetary position is reviewed annually as part of the Corporate Business Planning process, to ensure policy and budget, especially at times of increasing financial constraint, are properly aligned.
- 7.3 North Hertfordshire District Council published its first 'Corporate Plan' in 2005; this high level strategic document set out the Council's ambitions and aspirations for the district. The activities to deliver the priorities within the plan are revised annually to reflect the changing environment within which the Council, as other local authorities, has to operate.

8. RELEVANT CONSIDERATIONS

- 8.1 The Corporate Plan describes in narrative how each of the high level objectives are delivered and any individual activities that will be completed through the next and subsequent years to ensure those objectives are met.
- 8.2 The ongoing financial constraints make it increasingly likely that the emphasis for Council spend will be on the day to day service delivery, firstly of those services that the Council has a statutory duty to provide and secondly of those which the Council has determined are a priority to be funded.

- 8.3 In determining its objectives, the Council needs to reflect any recent changes in:
- Legislation, which may require changes to existing services, or delivery of new services
 - Capacity, since the authority has reduced headcount over recent years
 - Financial constraints – work on future funding of local Authority Services through 100% retention of Business rates has been halted as a result of the General Election and it is unclear when and if it will restart. This will add greater uncertainty into financial forecasting.
 - Population – the need to plan for an ageing population which requires health, social care and Council service providers to consider how necessary support can be provided together.
- 8.4 Having considered the relevant factors, the three objectives proposed to inform the Council’s Corporate Budget Setting 2017/21 therefore remain;
- 1. To work with our partners to provide an attractive and safe environment for our residents, where diversity is welcomed and the disadvantaged are supported**
 - 2. To promote sustainable growth within our district to ensure economic and social opportunities exist for our communities, whilst remaining mindful of our cultural and physical heritage**
 - 3. To ensure that the Council delivers cost effective and necessary services to our residents that are responsive to developing need and financial constraints.**

9. LEGAL IMPLICATIONS

- 9.1 Cabinet’s terms of reference include at 5.6.35 the power, by recommendation “to advise the Council in the formulation of those policies within the Council’s terms of reference”.
- 9.2 Full Council’s terms of reference provide “approving or adopting the policy framework which at 4.2.1 (f) include “Priorities/ Objectives for the District.”
- 9.3 The corporate objectives agreed for 2018/23 onward will provide high level reference points that will assist the Council making clear and effective decisions.

10. FINANCIAL IMPLICATIONS

- 10.1 There are no specific revenue implications from adoption of the objectives although there will be both revenue and capital implications from the provision of services to support the objectives and these will be agreed as part of the corporate business planning process which will culminate in February 2018 with the setting of the budget for 2018/19.
- 10.2 It is clear that the Council will continue to face difficult spending decisions in view of the current economic climate and the continuing reduction in government support in future years and that the availability of funding will impact on the services that can be delivered. Individual projects will be costed to ensure that the overall programme of activity across the Council can be achieved within the agreed budget assigned.

- 10.3 The Council received significant capital funding from the housing stock transfer to North Herts Homes (set-aside receipts). It has supplemented this with the receipts from the sale of surplus land and buildings (capital receipts). The strategy adopted by the Council has been to concentrate capital funding on those schemes that reduce revenue costs or generate income. Over the next five years it is forecast that the set-aside receipts will all be used, and therefore capital funding will have to come from capital receipts or borrowing. The availability of assets that can be sold to generate capital receipts is also reducing. It is therefore important that any agreed capital projects reflect corporate priorities, to ensure effective use of diminishing capital resources.

11. RISK IMPLICATIONS

- 11.1 Agreeing the Council's objectives for 2018/23 commences the Council's Business Planning processes for the next financial year. A robust Corporate Business Planning process is key to managing the Council's top risk of "Managing the Council's Finances".

12. EQUALITIES IMPLICATIONS

- 12.1 In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2 In setting its Corporate Objectives, the council is seeking to address equality implications in the services it provides and through the remainder of the Corporate Business Planning Process will carry out Equalities Impact Assessments for those Efficiency or Investment options that are taken forward.

13. SOCIAL VALUE IMPLICATIONS

- 13.1 The Social Value Act and "go local" policy do not apply to this report.

14. HUMAN RESOURCE IMPLICATIONS

- 14.1 There are no additional human resource requirements arising from this report. The resources needed to deliver services are considered and addressed through the Corporate Business Planning process and staff are reminded of the objectives once agreed.

15. APPENDICES

None.

16. CONTACT OFFICERS

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17. BACKGROUND PAPERS

17.1 Corporate Plan 2017/21 and background reports.

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CABINET 13 JUNE 2017

*PART 1 – PUBLIC DOCUMENT	AGENDA ITEM No. 12
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TITLE OF REPORT: FUTURE SUPPORT AND FUNDING ARRANGEMENTS RE: CO-ORDINATION OF TOWN CENTRE INITIATIVES AND COMMUNITY EVENTS WITHIN BALDOCK

REPORT OF THE REPORT OF THE STRATEGIC DIRECTOR OF FINANCE, POLICY AND GOVERNANCE

EXECUTIVE MEMBER: COUNCILLOR TONY HUNTER

1. EXECUTIVE SUMMARY

1.1 The purpose of this report is to seek approval for the reallocation of support funding previously assigned to the Baldock Town Centre Partnership to the newly formed Baldock Community Forum (BCF).

2. RECOMMENDATIONS

2.1 That the funding previously allocated to Baldock Town Partnership be withdrawn as they have failed to provide appropriate accounts and information requested to support on-going provision of public money.

2.2 That the Cabinet provides funding to the newly formed Baldock Community Forum CIC on a contractual basis to assist the revival, coordination and delivery of future town centre initiatives within the Baldock and District area.

2.3 That Cabinet note that the Chairman of the newly formed BCF is currently a serving Councillor and that his action in making a personal deposit of £2,000 to help with start-up costs results in a Disclosable Pecuniary Interest, in relation to which he has sought appropriate advice from the Monitoring Officer.

2.4 That Cabinet provide funding on the basis that it must all be used to support the community events and should the Chairman of BCF be seeking reimbursement of the personal deposit, it shall not be made from the Council's grant.

3. REASONS FOR RECOMMENDATIONS

3.1 To ensure that community events and initiatives within Baldock and the surrounding area are maintained and enhanced to help secure and sustain town centre vibrancy and community cohesion.

4. ALTERNATIVE OPTIONS CONSIDERED

4.1 The alternative not to develop a new vehicle to undertake the future management of such initiatives was dismissed on the basis that it was perhaps more imperative for the

town, pending any future development in the area, to develop an inclusive body to help coordinate local community activity and annual events over the foreseeable years.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 Consultation has been undertaken with the Elected Members from the Baldock and District Area Committee, who have played a proactive and critical role in emphasising the need for a new consolidated community driven approach regarding the future coordination of activities and events within the town.
- 5.2 Officers assisted Baldock Members in the facilitation of an open public awareness / consultation evening held at the Baldock Arts and Heritage Centre on March 13th 2017. The meeting was well attended and resulted in resounding support for Members and Officers to pursue the development of a new inclusive and representative body to oversee and manage future community events and initiatives for the future.

6. FORWARD PLAN

- 6.1 This report does not contain a recommendation on a key decision and has not been referred to in the Forward Plan.

7. BACKGROUND

- 7.1 When each of the district's town centre partnerships were first set up, it was agreed the Council would provide initial funding with the intention each agency would become financially self sustaining in the longer term.
- 7.2 Owing to the Council's Corporate Plan priority of "Town Centres" at the time, it was further agreed that funding for town centre partnerships should continue and be paid under a three yearly 'Memorandum of Understanding' agreement, similar to other annually funded groups and partner agencies.
- 7.3 In 2010, as part of the corporate business planning annual review of efficiencies / growth, a phased reduction in funding was proposed to Cabinet/Council, which reflected the fact that some of the former town centre partnerships were starting to take on different roles and structures with aims to become self sufficient via the Business Improvement District route.
- 7.4 In discussion with the then Portfolio Holder, Cllr Tricia Cowley, it was agreed that the attached schedule (**Appendix A**) would be adopted to ensure a gradual reduction of funding prior to complete withdrawal thus allowing each partnership / group sufficient time to secure alternative funding or income streams in the longer term. Appendix A shows that the original intention was that support for Baldock Town Centre Partnership would start to reduce from the 2017/18 financial year and cease in 2019/20.
- 7.5 With Member support and ongoing assistance from officers the Baldock Town Partnership Ltd (BTP) was formed in June 2007 and a Town Centre Manager was employed for Baldock.
- 7.6 For a number of years a programme of annual events and activities was developed by the BTP with significant officer support via the Community Development section, resulting in good attendances and a flourishing income return.

- 7.7 During the financial year 2015/16, it became clear that BTP were failing to comply with the terms of the grant award and in spite of numerous requests and assurances, did not provide the required accounts to support on-going payment of a grant. In these circumstances, the s.151 officer withheld the second half of the payment due in 2015/16 and no funding was paid in 2016/2017. The eighteen months worth of unpaid grant award together with the funds originally intended for release in 2017/18 to 2019/20 remains in council budgets and totals £27,310.
- 7.8 During that period, the former operational activities and internal workings within the BTP subsequently retrenched further, ultimately resulting in the discontinuation of a dedicated Town Centre Manager for the town.
- 7.9 Councillors Michael Weeks (the Council's representative on the former BTP) and Jim McNally had initial talks with officers to look at resolving matters constructively and positively move on. However, owing to the sensitive nature of the ongoing issues it was eventually deemed unlikely that any reparation could be achieved.
- 7.10 This led to the Councillors working with officers to look at forming a new company / body to take on the management and organisation of community events in Baldock. It was originally understood that the remaining Director of BTP would continue to operate events in the town until the new organization had formed and would then wind up that company. That has not, however, happened to date.
- 7.11 Towards the end of 2016, as it became clear that a new entity would need to be formed if previous activities were to continue, initial pump priming funding within the Communities Team main budget was utilised to assist the early stages of this process, helping with hall hire and registration costs for the new company.
- 7.12 Efforts were made to recruit a new Town Centre Manager, resulting in a local independent person with the relevant skills and abilities being identified, who in turn agreed to work without payment until a new organisation was formed and funding support resumed via the Authority and other funding sources.
- 7.13 The new voluntary coordinator at short notice undertook the operational running of the Baldock Christmas Fair in conjunction with BTP and subsequently ran the final associated event, the Baldock Half Marathon in February 2017.

8. RELEVANT CONSIDERATIONS

8.1 The Baldock Community Forum CIC

Through regular developmental meetings with officers over the past six months, Members and the new Town Coordinator have started to lay down the foundations for a new representative and inclusive community driven body / group to take on the role of coordinating and managing events and town initiatives for the future.

The Baldock Community Forum, trading as Baldock Events Forum, was incorporated in January 2017 and the structure of the company is markedly different from the former BTP. The Community Forum has provided a Business Plan (appendix B) from which the following information has been gleaned.

The company is headed by five directors:-

- Chair
- Finance
- Events

- Fundraising
- Marketing.

Underneath the executive tier are in the region of 30 appointed Advisors, all of whom are representatives of local community organisations or have specific qualities to help the new forum succeed in achieving its stated objectives.

The registered office of the company is situated at the Baldock Community Centre, thus reinforcing the community links and roots of the Forum.

The company was formally launched at the open public meeting in March 2017, which was attended by over 100 people.

The Forum has support and advisors from a broad range of local organisations and businesses, as listed in the Business Plan.

8.2 **The Baldock Community Forum CIC Board**

Chair – Jim McNally

Finance – Carrie Dunne

Marketing – Paul Calver

Events – Vacant, currently recruiting

Fundraising – Vacant, currently recruiting

Town Centre Manager – Richard Sell

The Business Plan sets out the backgrounds of each of the four individuals who have so far been appointed to roles within BCF. Two of the Director positions are currently being recruited to. The people appointed to date provide a range of professional experience and local knowledge.

8.3 **Objectives of the Baldock Community Forum CIC**

- To strengthen the local community, empowering and enabling local groups through the development and, where appropriate, provision of a vibrant programme of events in the town.
- To engage our community through all appropriate means, by which we will accurately and effectively assess local need to ensure events are popular and well patronised.
- To enlist the support of capable and passionate people from our community to help in the provision of local sporting, cultural, social and arts events.
- To work with community members, and organisations to secure aid and assistance from the community in the planning, organisation and running of events.
- To secure funds from within the town and externally, in support of our aims.

Targets of the Baldock Community Forum CIC

- Establishment of a Town Centre Manager.
- Successfully running their first event (The Big Lunch – 18 June 2017).
- Forward planning for other events in the 2017 programme (notably the Baldock Cycle Challenge in July).
- Obtaining startup funding for the new Community Interest Company.
- Establishing a high social media profile within Baldock.
- Developing and organising an effective and holistic Events Programme for the town of Baldock.
- Providing a central hub for Baldock community events, streamlining communication between organisations and the local authority.

- 8.4 Further details regarding outputs to date, marketing and monitoring plans, as well as the management plans for the future, are referenced in **Appendix B** – Business Plan Baldock Community Forum.
- 8.5 It is unusual that the Chairman of the organisation applying for grant support is also a local District Councillor and appropriate advice has been sought from the Council's Monitoring Officer regarding declaration of interests and code of conduct matters. Cllr McNally has been advised and has acknowledged that the fact that he, as Chairman, has made a personal deposit of £2,000 into the Forum's bank account constitutes a Disclosable Pecuniary Interest under the relevant regulations meaning that he must not take part in any debates or votes relating to BCF, cannot address the Committee and in accordance with the Council Code of Conduct must not be present in the room when the item is considered.
- 8.6 From the outset Members' intentions have always focused on initiating activity for the overall benefit and prosperity of the town and local community. It is understood that their longer term intention is to gradually withdraw such personal involvement once the Forum has reached a fully operational stage and achieving some level of self sustainability for the future.

9. LEGAL IMPLICATIONS

- 9.1 The Council's Constitution sets out that Cabinet's terms of reference include at paragraph 5.6.3 "to take decisions on resources and priorities, together with other stakeholders in the local community, to deliver and implement the budget and policies decided by the Full Council"; 5.6.19 "to oversee the Authority's overall policy on the voluntary and community sector" and 5.6.24 "to promote and develop external partnerships to meet strategic objectives".
- 9.2 Section 1 of the Localism Act 2011 provides a General Power of Competence which gives local authorities the powers to do anything:-
- An individual may generally do
 - Anywhere in the UK or elsewhere
 - For a commercial purpose or otherwise, for a charge or without a charge
 - Without the need to demonstrate that it will benefit the authority, its area or person's resident or present in its area.
- 9.3 Section 137 Local Government Act 1972 provides specific authority for the Council to incur expenditure on anything which is in the interests of and will bring direct benefit to its area. This includes a charity or other body operating for public service.

10. FINANCIAL IMPLICATIONS

- 10.1 It is proposed that the unreleased accumulated support funding of £27,310 previously assigned to the former BTP through to March 2020 (**Appendix A**) be withdrawn, realigned and allocated to the new Baldock Community Forum as indicated in 10.4 with a proposed annual funding profile to 2021/22.
- 10.2 This arrangement will be administered on a contractual basis similar to those agreements the Authority has recently enacted with other community based / partner organisations in receipt of support funding though to 2020/21 which are to be overseen and formally reviewed periodically throughout the length of the funding term by the Communities Team Manager.

- 10.3 An overarching objective for the next 3 years will require officers within the Communities Team to assist and direct all bodies and organisations receiving annual awards to have greater self reliance and a sound and sustainable base re future service delivery.
- 10.4 Proposed level of support funding to the Baldock Community Forum for the next four years:-
2017/18 - £13,650
2018/19 - £6,785
2019/20 - £4,583
2020/21 - £2,292
2021/22 - £0

11. RISK IMPLICATIONS

- 11.1 There are no relevant risk entries that have been recorded on Covalent, the Council's performance and risk system. Individual events should have their own risk assessments in place to mitigate any health and safety issues and should ensure that appropriate liability insurance cover is in place.
- 11.2 There is a reputational risk that a member of the public might consider that the Council is providing funding to a serving Councillor who is also the Chairman of the group. That risk is mitigated by the other non-Councillor members of the Community Interest Company and the company's objectives and targets.
- 11.3 There is a risk that the Council funds might be used to repay the personal deposit made to the Company by the Councillor and that risk is mitigated by recommendation 2.4 above which makes it a condition of funding that Council funds will not be used for such purposes.

12. EQUALITIES IMPLICATIONS

- 12.1 In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.3 Projects / groups which are assigned support funding from the Authority are assessed to ensure that they do not negatively impact on any part of the local community. The only deviation to this is where a minority or marginalised group may specifically receive funding or resources to address a particular area of need in provision.

13. SOCIAL VALUE IMPLICATIONS

- 13.1 The Social Value Act and "go local" policy do not apply to this report.

14. HUMAN RESOURCE IMPLICATIONS

- 14.1 There are no human resource implications.

15. APPENDICES

- 15.1 Appendix A - Phased Funding Reductions to Town Centre Partnerships – March 2011.
- 15.2 Appendix B - Business Plan Baldock Community Forum CIC - May 2017.

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17. BACKGROUND PAPERS

17.1 INFORMATION NOTE TO AREA COMMITTEES JUNE 2016 THE FUNDING OF TOWN CENTRE PARTNERSHIPS/BID COMPANIES

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PHASED FUNDING REDUCTION TO TOWN CENTRE PARTNERSHIPS

	2010/11 £	2011/12 £	2012/13 £	2013/14 £	2014/15 £	2015/16 £	2016/17 £	2017/18 £	2018/19	2019/20	2020/21
Hitchin	27,500	20,625	13,750	6,875	0						
Letchworth	27,500	27,500	27,500	20,625	13,750	6,875	0				
Royston	13,750	13,750	13,750	13,750	13,750	10,313	6,875	3,438	0		
Baldock	9,165	9,165	9,165	9,165	9,165	9,165	9165	6875	4583	2292	0
TOTAL COST	77,915	71,040	64,765	50,415	36,665	26,353	16,040	10,313	4,583	2292	

Figures in pink identify the year in which the first reduction is made for each partnership

Liz Green
Head of Policy, Partnerships and Community Development
March 2011

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APPENDIX B

Business Plan

Baldock Community Forum CIC T/A Baldock Events Forum

Introduction

Funding to support Town Centre Partnerships was originally allocated to the four towns of North Herts, as part of a Full Council budget decision and was intended as pump-priming funding to enable Town centre partnerships to be established and each town to appoint a Town Centre Manager (TCM). It was always the intention that the new body would generate additional funds to complement the Council support. This was linked to the Council's priority at that time, as identified in the Corporate Plan of "Town Centres".

Baldock Town Partnership Ltd (BTP) was originally formed in June 2007 by which a Town Centre Manager could be employed for Baldock. NHDC was a member of this company (<https://www.north-herts.gov.uk/home/business/economic-development/town-centre-management>). In 2015/16, the relationship between BTP and NHDC finally broke down irretrievably and funding from the authority was cut. The Baldock TCM had not been in place for some time and there was a real danger that the programme of community events that had been developed would collapse.

Councillors Mike Weeks (who was NHDC's representative on BTP) and Jim McNally were involved in talks with NHDC, initially to try and resolve matters constructively. When it became apparent that a working relationship between the two organisations no longer existed, the Councillors worked with NHDC to form a new company to take on the management and organisation of community events in Baldock.

Baldock Community Forum CIC

During the latter part of 2016, efforts were made to recruit a new TCM; one who would be effective in the role, with the relevant skill set. Richard Sell was identified and agreed to work without payment until the new organisation received funding from NHDC. Richard took on the running of the Baldock Christmas Fair for BTP at the last minute, rather than see it fail completely. Richard also ran the final BTP event, the Baldock Half Marathon in February 2017, due to problems within BTP. Lessons learned from both those events have been applied to future planning. The Head of Finance and other officers of NHDC have been involved and advised at every stage of this project.

From an early stage, it was noted that one reason for the failure of BTP was that it was no longer representative of the community. There was only one director of the company, James Lunnon, and no real effort was being made to involve local people, other than to raise funds from them, or use them as volunteers. This had the effect of significant portions of the community withdrawing their support from BTP, resulting in a situation that was in danger of becoming adversarial, rather than co-operative.

Another barrier to success was the view in Baldock that the BTP was continuing to manage community events and that there was, therefore, no need for a new organisation. This view has been reinforced by the fact that NHDC continues to show BTP as the relevant organisation for town management, giving obsolete details on the website (see above link). This situation still exists at the time of writing.

CABINET (13.6.17)

Baldock Community Forum CIC trading as Baldock Events Forum, was incorporated in January 2017 as a Community Interest Company and the structure of the organisation is markedly different from BTP. The company is headed by five directors (Chair, Finance, Events, Fundraising and Marketing). Underneath this layer are more than 30 appointed Advisors, who are representatives of community organisations, and/or people with specific skill sets, who are willing to assist the Forum in its stated objectives. The registered office of the company is situated at the Baldock Community Centre, reinforcing the community roots of the Forum.

The company was formally launched at a public meeting in March 2017, which was attended by over 100 people.

To give an indication of the support that the Forum currently has within the town, listed below are various organisations that Advisors represent:

Baldock Festival
Baldock Beer Festival
Baldock Arts & Heritage Centre
Balstock
Baldock Community Centre
Knights Templar School
Baldock, Bygrave & Clothall Planning Group
Baldock Rotary
St Marys Church
2nd Baldock Scouts.

We also have the support of the following businesses:

Tesco
Tea at Tapps
Staffy B
Tapps Garden Centre
Taste Café
Chilli Lounge Restaurant
Merry Go Round
Empower Ltd.

The Board. The Board comprises the following people:

Chair – Jim McNally. Retired senior police officer (Metropolitan Police); former Director of Studies, training and accrediting Counter Fraud Specialists (NHS); Former Enforcement Manager, UK, for Business Radio and Senior Policy Advisor (Ofcom). Currently a Councillor for Baldock Town (NHDC) and President of the Great Britain Diving Federation.

Finance – Carrie Dunne. Self-employed author, tutor and working in local businesses. Recently retired from Teacher training (Maths & Science), as company director and university lecturer. National Curriculum Government Advisor and member of Carol Vorderman's mathematics report. Previously an Ofsted Inspector and Operations Director of an Ofsted contract. Began career in teaching and advising in nursery, primary and secondary schools.

Marketing – Paul Calver. Baldock resident for over 30 years. Company Director and Founder of a Building Services Company, running local authority decent homes projects. Project Managing building projects. Property developer. Set up and runs a successful local magazine, covering Baldock and the surrounding villages.

CABINET (13.6.17)

Events – Vacant

Fundraising – Vacant.

Town Centre Manager – Richard Sell. Self-employed consultant. Former IT Director at GlaxoSmithKline, leading an international team responsible for business critical systems. Currently the Community Officer for Letchworth Rugby Club.

Objectives

The objectives of the company are: -

- To strengthen the local community, empowering and enabling local groups through the development and, where appropriate, provision of a vibrant programme of events in the town.
- To engage our community through all appropriate means, by which we will accurately and effectively assess local need to ensure events are popular and well patronised.
- To enlist the support of capable and passionate people from our community to help in the provision of local sporting, cultural, social and arts events.
- To work with community members, and organisations to secure aid and assistance from the community in the planning, organisation and running of events.
- To secure funds from within the town and externally, in support of our aims.

Targets

1. Establishment of a Town Centre Manager.
2. Successfully running our first event (The Big Lunch – 18 June 2017).
3. Forward planning for other events in the 2017 programme (notably the Baldock Cycle Challenge in July).
4. Obtaining startup funding for the new Community Interest Company.
5. Establishing a high social media profile within Baldock.
6. Developing and organising an effective and holistic Events Programme for the town of Baldock.
7. Providing a central hub for Baldock community events, streamlining communication between organisations and the local authority.

Tangible Outputs

1. **The Town Centre Manager** has been in post since January (formally, since the public meeting in March). Salary commenced on 1 April and is being paid for by funding from the Chair, as funding has been delayed from NHDC.
2. **The Big Lunch.** Planning for this event is at an advanced stage; tickets have been issued to outlets; food suppliers & entertainment agreed and arrangement made for tables, chairs etc to be provided on the day.
3. **The Baldock Cycle Challenge.** Planning is well under way for the Baldock Cycle Challenge; registration is now open and we expect a significant number of entrants.
4. **Startup funding.** This has proven more difficult than envisaged. Due to the delay in a decision by NHDC, the Chair, Jim McNally has provided funding to run the first event and pay the TCM. Without this funding, the company would be wound up and the provision of events in Baldock would be highly likely to be retaken by BTP.
5. **Social media profile.** A Facebook page has been set up. In addition, we are active on Twitter and will soon have our own Instagram account.
6. **Baldock community events hub.** An events programme has been developed and will be available to all on our Facebook page/website. This will be a living document, which will provide support, particularly to those smaller events in the town, that may struggle to advertise effectively. We are also talking to NHDC about the prospect of the Forum providing a 'One Stop Shop' for local community events, as far as licensing and H&S are concerned.

Marketing Plan

In order to ensure the success of this project, it is critical that the local community are fully engaged and involved in both the content and organisation of community events. To that effect, we intend to use social media and other internet based sources, in parallel with more traditional forms of communication to market our product. We have already made considerable progress in this area:

- Baldock Events Forum logo developed and promulgated, providing the BEF with its own identity within the town. The logo was selected through a vote by the community from a number of options provided by a local designer.
- Facebook page set up and running.
- Twitter account set up and initialised.
- Instagram account to be set up within the next month, for group sharing of event photographs etc.
- Website to be set up in the near future.
- We have been unable to obtain the websites used by BTP for community events, so the Forum has been obliged to set up our own. Event websites set up (www.baldockevents.co.uk & www.baldockcycle.co.uk).
- The Comet has agreed to host a monthly article by the Forum, written by the Town Centre Manager.
- The Baldock Events Forum has been and will continue to be promoted by the monthly community magazine "On Our Doorstep", which is delivered to every household in Baldock.

Timescales

CABINET (13.6.17)

The transition period during which time the Baldock Community Forum CIC would take over from BTP was forced upon the new company by the inability of BTP to effectively run community events and the complete breakdown of trust between BTP and NHDC. The Forum had to rapidly get in place processes and people to ensure a smooth takeover while minimising any disruption that might occur.

Set out below is the proposed NHDC funding for community events in Baldock for the next four years; it is imperative that this funding is available. Because of the situation that the Forum has found itself in, with the BTP remaining active in certain areas, the Board consider that we will have to curtail funding requests to the local community until the Forum has proven itself and can demonstrate value for money. Some local businesses continue to donate to the BTP and if the Forum were to aggressively promote sponsorship at this time, internecine argument would be likely, resulting in a factionalising of the community and disharmony.

The Forum plan to initiate local funding gradually, commencing with event sponsors and eventually, towards the end of year one, the implementation of a phased funding strategy, involving local businesses and organisations.

NHDC Funding

2017/18 - £13,650;

2018/19 - £6,785;

2019/20 - £4,583;

2020/21 - £2,292

2021/22 - £0.

Without this funding, the future of the Forum cannot be assured; it is likely that BTP will resist our initial efforts, as they lose sponsors to the new model.

Finance

Procedures for running the Forum's finances are currently being drawn up by Jim McNally, Chair, and the Finance Director, Carrie Dunne.

The business bank account was opened with a balance of £2000.00 with a personal deposit from Jim McNally. This will help with start up costs (e.g.: BEF logo and domain names), run the first event (The Big Lunch) and pay Richard Sell, the Town Centre Manager.

NHDC has agreed to fund the BEF a total of £27,310 over a 4-year period, reducing in amount each year. For the financial year 2017/2018 this will help with start up costs for the remaining events. The BEF will be self-sustaining in year 5 (2021/2022).

Funding will be boosted by annual sponsorship or by sponsoring specific events. So far, sponsors include Knights Templar Sports for The Big Lunch and Paul's Cycles for the Cycling Challenge. Negotiations continue with regard to other potential sponsorship opportunities.

A budget will be devised for each event based on BTP's available accounts with updated costs. It must be said that the available figures are not particularly helpful. The budget for The Big Lunch will be £1200 with projected sales of 300 tickets and monies from sponsors and stalls.

Monitoring the success of the project

Development & enhancement of the Baldock Town Events Programme. This programme is a living document, but at the moment the Forum is committed to organising at least five events in 2017, set out below:

Baldock Beast Half Marathon (BTP Event)	26 February 2017
Big Lunch	8 June 2017
Baldock Cycle Challenge	23 July 2017
Baldock 10K run (provisional)	Sept/Oct 2017
Baldock Street Food Festival (provisional)	Oct/Nov 2017
Baldock Christmas Fair	Dec 2017.

Future Management Plans

- Select and recruit directors for posts that are currently vacant (Fundraising and Events).
- Continue to hold quarterly Board Meetings with Advisors to ensure community cohesion and relevance. The first such meeting was held on 22 May 2017 and produced a number of really positive outcomes.
- Develop and enhance a co-operative relationship with NHDC and other stakeholders.
- Ensure that early planning for each event is initiated.
- Develop open and constructive relationships with event suppliers in Baldock, to the benefit of the whole community.