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18 August 2017

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To: The Chairman and Members of North Hertfordshire District Council

You are invited to attend a

MEETING OF THE COUNCIL

to be held in the

**SPIRELLA BALLROOM, ICKNIELD WAY, LETCHWORTH
GARDEN CITY**

on

THURSDAY, 31 AUGUST 2017

at

7.30 PM

Yours sincerely,



David Miley
Democratic Services Manager

Agenda **Part I**

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3. NOTIFICATION OF OTHER BUSINESS Members should notify the Chairman of other business which they wish to be discussed by the Council at the end of the business set out in the agenda. They must state the circumstances which 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.	
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Agenda Item 2

NORTH HERTFORDSHIRE DISTRICT COUNCIL

MINUTES

Meeting of the Council held in the Spirella Ballroom, Icknield Way, Letchworth Garden City on
Wednesday, 19th July, 2017 at 7.30 pm

PRESENT: Councillors John Bishop (Vice-Chairman in the Chair), Ian Albert, David Barnard, Clare Billing, Judi Billing, John Booth, Paul Clark, Julian Cunningham, Bill Davidson, Elizabeth Dennis, Sarah Dingley, Jane Gray, Jean Green, Gary Grindal, Simon Harwood, Steve Hemingway, Cathryn Henry, Terry Hone, Tony Hunter, Steve Jarvis, David Levett, Bernard Lovewell, Ian Mantle, Paul Marment, Jim McNally, Gerald Morris, Michael Muir, Lynda Needham, Frank Radcliffe, Mike Rice, Deepak Sangha, Ray Shakespeare-Smith, Adrian Smith, Harry Spencer-Smith, Martin Stears-Handscorn, Claire Strong, Richard Thake, Terry Tyler and Michael Weeks

IN ATTENDANCE: David Scholes (Chief Executive), Norma Atlay (Strategic Director of Finance, Policy and Governance), Ian Couper (Head of Finance, Performance and Asset Management), Anthony Roche (Corporate Legal Manager) and Ian Gourlay (Committee and Member Services Manager).

ALSO PRESENT: 3 members of the public..

18 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Alan Millard (Chairman), Faye S. Frost, Fiona Hill, Lorna Kercher and Janine Paterson.

19 MINUTES

It was moved by Councillor Mrs L.A. Needham, seconded by Councillor Julian Cunningham, and

RESOLVED: That the Minutes of the Annual Meeting of the Council held on 18 May 2017 be approved as a true record of the proceedings and be signed by the Chairman.

20 NOTIFICATION OF OTHER BUSINESS

No additional business was presented for consideration by the Council.

21 CHAIRMAN'S ANNOUNCEMENTS

(1) Norma Atlay – Retirement

The Chairman invited the Leader of the Council (Councillor Mr L.A. Needham) and former Deputy Leader of the Council (Councillor T.W. Hone) to pay tribute to Norma Atlay (Strategic Director of Finance, Policy and Governance) on her impending retirement.

Councillor Needham stated that she had never had a portfolio at NHDC which had meant she had cause to work in close association with Norma. However, since she had become Leader of the Council she had got to know Norma very well.

Councillor Needham advised that Norma was thought of extremely highly at a national level in CIPFA and in Government circles, and her advice had been sought on many occasions.

Councillor Needham thanked Norma for all the years she had worked for the Council, and her insight and ability to converse with individuals at all levels would be sorely missed.

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On a personal level, Councillor Needham found Norma to be very approachable. She was always willing to answer questions and queries in a straightforward and patient manner. Councillor Needham thanked Norma for this skill, which had made her role as Leader of the Council much easier.

Councillor Hone advised that he had worked alongside Norma as Cabinet Member for Finance and IT for the past 15 years, which he had enjoyed very much, including their annual trips to the CIPFA Conference. He had enjoyed Norma's company at these conferences, which were also very useful for networking with representatives of other councils.

Councillor Hone considered Norma to be thoroughly professional, always providing sound counsel to him and many other Members.

Councillor Hone explained that Norma was retiring to spend time with her husband, who was also about to retire. He wished them both well in their retirement together, including the extensive travelling that they were shortly to embark on. He thanked Norma once again for all she had done for the Council over the past 30 years.

Throughout the meeting, a number of other Members added their thanks to Norma and wished her well for her retirement.

(2) Long Service Awards

(i) Charmaine Cooper

The Chairman announced that Charmaine Cooper was a valued staff member of North Hertfordshire District Council and on 27 April 2017 reached 25 years of service. During her career, Charmaine had been an integral member of the Council's front line Benefits Service by administering all aspects of housing benefit debt and ensuring the recovery of public funds with the utmost duty.

At NHDC, encouragement was given to all employees to deliver the very best service in line with the Council's core objectives and special recognition needed to given to Charmaine for her continued contributions to always providing the best service possible under challenging economic circumstances.

(ii) Kaeren Shepherd

The Chairman advised that Kaeren Shepherd began her career with Careline in July 1992, having previously worked within the banking industry for the Trustee Savings Bank. Kaeren started as a Careline operator working from the original site at Peter Sell House.

Kaeren had a particular skill with regard to administrative organisation and this had been particularly relevant to Careline. Kaeren's current role was as the data administrator and she kept Careline's vast data flows in order, so that operators had the right information to handle the life critical calls that were presented at over 100 calls per hour. She was well respected and liked both by her colleagues and customers who often mentioned the relief they felt knowing that, whatever their issue, it would be proficiently handled by Kaeren.

Kaeren was looking forward to Careline's further development and the Team that they were in safe hands with Kaeren at the data tiller.

It was moved by the Chairman, seconded by Councillor Mrs L.A. Needham, and

RESOLVED: That the Council places on record its sincere thanks to Charmaine Cooper and Kaeren Shepherd for their long and valuable service to local government in North Hertfordshire.

(3) Declarations of Interest

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.

22 PUBLIC PARTICIPATION

The Committee was addressed by Mr Brian Foreman (Hitchin resident) in respect of the Churchgate Shopping Centre, Hitchin.

Mr Foreman advised that he was speaking as the Voluntary Advisor to the Churchgate Association of Retailers, who had businesses in the Churchgate Shopping Centre in Hitchin.

Mr Foreman commented that the retailers were pleased to hear of the support he received at the Hitchin Committee meeting on 27 June 2017 when he spoke at the Town Talk. The problem was that a senior Council officer had decided that NHDC was not willing to do anything about the sad and sorry state of the Shopping Centre. He advised that he had appealed this decision.

Mr Foreman stated that, for the many visitors using Hitchin's car parks and arriving by bus, this was their first sighting of the town's shops, with their dirty fascias and rusting metal bars, filthy electrical lights, under decaying overhead canopies giving rise to health and safety issues. Viewed from the Biggin Lane Car Park, the rear of the Shopping Centre was equally disgusting.

Mr Foreman considered that leaving the Centre as it was in the affluent south-east did not inspire city workers to come and live in Hitchin. NHDC had been reluctant over the years to enforce the terms of the 1973 lease agreement since, if the landlord did not maintain the Centre, the Council could carry out the work and charge the landlord with the bill. He felt that there should be two coats of quality paint at regular intervals applied to the outside of the Centre.

Mr Foreman explained that Hammersmatch had received service charges from its tenants for the 30 units for the past 17 years. One larger unit had reported being charged £560 per month and had obtained very little in return. It seemed to him that getting Brown and Lee, the managing agents, to get the work done and up to a good standard was difficult. On their website in advertising No. 11 for rent they state

"There is a service charge to cover the general maintenance of the service yard, canopies and services". He wondered just how much had actually been spent.

Mr Foreman stated that, at long last Hammersmatch, who in one of their planning applications had proposed spending up to £8million on refurbishment, had said that they would carry out refurbishment works at Whitsun 2017. This did not happen, but it seemed that works were just starting now. They had carried out a repair at Lifestyle, the Antique Centre, where water penetration had ruined stock, had erected safety barriers, and were still working on the Centre moving onto other premises. However, will this be enough?

Mr Foreman advised that NHDC had been taking 40% of the rents and pocketing the highest car parking charges in North Hertfordshire from the nearby car parks. He felt that the Council could afford to put something back into the Shopping Centre by arranging for a surveyor to decide how much work was needed, both externally and internally, and to carry out the 14 year review in the lease, with the last one due in 2010. In some shops there were damp and electrical issues inside, giving rise to health and safety concerns with old and broken fittings as reported by tenants. There were two dangerous entrance steps. He considered that questions remain to be answered.

Mr Foreman asked if NHDC had been negligent in not carrying out the terms of the lease agreement? With 81 years left on the lease, should a Council officer, however senior, had taken such a negative decision without consultation with local councillors? He felt that something had to be done. The Churchgate retailers and the Council Tax payers of North Hertfordshire deserved some answers.

The Chairman thanked Mr Foreman for his presentation.

23 ITEM REFERRED FROM FINANCE, AUDIT AND RISK COMMITTEE: 12 JUNE 2017 - FINANCE, AUDIT AND RISK COMMITTEE ANNUAL REPORT 2016/17

The former Chairman of the Finance, Audit & Risk Committee (Councillor Michael Weeks) presented a referral from the meeting of that Committee held on 12 June 2017, in respect of Annual Report of the Committee for 2016/17 (Minute 13 refers).

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The former Chairman of the Finance, Audit & Risk Committee thanked the Members of the 2016/17 Committee and officers for their support throughout the year.

It was moved by Councillor Michael Weeks, seconded by Councillor Simon Harwood, and

RESOLVED: That the Annual Report of the Finance, Audit & Risk Committee 2016/17 be noted.

REASON FOR DECISION: To comply with the requirements of the Council's Constitution.

24 ITEM REFERRED FROM CABINET: 13 JUNE 2017 - RISK MANAGEMENT UPDATE AND ANNUAL REPORT ON RISK MANAGEMENT 2016/17

The Council considered the Minute of the meeting of the Cabinet held on 13 June 2017, in respect of the Risk Management Update and Annual Report on Risk Management 2016/17 (Minute 6 refers). A copy of the report considered by the Cabinet was included with the agenda, as were the following appendices:

Appendix A – Corporate Risks with changed assessments; and
Appendix B – Annual Report on Risk Management 2016/17.

It was moved by Councillor Julian Cunningham, seconded by Councillor Mrs L.A. Needham and, following debate and upon being put to the vote, it was

RESOLVED: That the Annual Report on Risk and Opportunities Management 2016/17, as set out at Appendix B to the report, be approved.

REASON FOR DECISION: To comply with the requirements of the Risk and Opportunities Management Strategy.

25 ITEM REFERRED FROM CABINET: 13 JUNE 2017 - REVENUE BUDGET OUTTURN 2016/17

The Council considered the Minute of the meeting of the Cabinet held on 13 June 2017, in respect of the Revenue Budget Outturn 2016/17 (Minute 8 refers). A copy of the report considered by the Cabinet was included with the agenda, as were the following appendices:

Appendix A – General Fund Summary 2016/17; and;
Appendix B – Carry Forward Budgets requested for 2017/18.

It was moved by Councillor Julian Cunningham, seconded by Councillor Mrs L.A. Needham and, following debate and upon being put to the vote, it was

RESOLVED: That the net transfer to earmarked reserves of £4,000 identified in Table 6 and Paragraph 8.24 of the report, be approved.

REASON FOR DECISION: To ensure that changes to the Council's balances are monitored and approved.

26 ITEM REFERRED FROM CABINET: 13 JUNE 2017 - ANNUAL TREASURY MANAGEMENT REVIEW 2016/17

The Council considered the Minute of the meeting of the Cabinet held on 13 June 2017, in respect of the Annual Treasury Management Review 2016/17 (Minute 9 refers). A copy of the report considered by the Cabinet was included with the agenda, as was the following appendix:

Appendix A – Annual Treasury Management Review 2016/17.

It was moved by Councillor Julian Cunningham, seconded by Councillor Mrs L.A. Needham and, upon being put to the vote, it was

RESOLVED:

(1) That the actual 2016/17 prudential and treasury indicators be approved; and

(2) That the Annual Treasury Report for 2016/17, as attached at Appendix A to 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 that the Council manages its exposure to interest and capital risk.

27 **ITEM REFERRED FROM CABINET: 13 JUNE 2017 - CORPORATE OBJECTIVES FOR 2018-2023**

The Council considered the Minute of the meeting of the Cabinet held on 13 June 2017, in respect of Corporate Objectives for 2018-2023 (Minute 11 refers). A copy of the report considered by the Cabinet was included with the agenda.

It was moved by Councillor Ray Shakespeare-Smith, seconded by Councillor Mrs L.A. Needham and, following debate and upon being put to the vote, it was

RESOLVED: That the following Corporate Objectives be continued 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; and

3.To ensure that the Council delivers cost effective and necessary services to our residents that are responsive to developing need and financial constraints.

REASON FOR DECISION: To allow the Council to review the Corporate Objectives which will guide the Corporate Business Planning process for 2018/19 through to 2023.

28 **CONFERRING POWERS TO THE PARISH MEETING OF CLOTHALL**

The Chief Executive submitted a report seeking approval to convey powers to the Parish Meeting of Clothall, including the village of Luffenhall, to enable it to provide grants, following a request received from the Parish. The following appendix was submitted with the report:

Appendix A – The decision and report of the Parish.

The Chief Executive clarified that, notwithstanding various mentions of the Parish meeting of Clothall in the report, the correct name should be the Parish meeting of Clothall with Luffenhall.

RESOLVED: That the power to make discretionary grants be conveyed to the Parish Meeting of Clothall with Luffenhall.

REASON FOR DECISION: To ensure that community initiatives within the Parish are maintained and enhanced to help secure community cohesion and development.

29 **SENIOR MANAGEMENT ARRANGEMENTS**

The Head of Paid Service (Chief Executive) submitted a report in respect of the proposed senior management arrangements for the Council from 2017 onwards. The following appendices were submitted with the report:

Appendix 1 – Current management arrangements; and
Appendix 2 – Proposed Senior Management Structure.

The Head of Paid Service advised that Recommendation 2.1 of the report referred to the proposed revised Senior Management arrangements for the Council;

Recommendation 2.2 related to the proposed appointment of Mr Ian Couper to the statutory post of Chief Financial Officer (Section 151 Officer) following the retirement of the Strategic Director of Finance,

Policy and Governance; and Recommendation 2.3 re-affirmed the Council's commitment to its Reorganisation Policy in respect of the re-structuring process.

The Head of Paid Service drew attention to the Council's budgetary situation and the fact that, for 2017/18, the Council had identified and approved efficiency savings for the Senior Management Restructuring. The proposals contained in the report would allow those savings to be achieved.

The Head of Paid Service stated that the main changes proposed were for the posts of Strategic Director to be deleted, and in their place a new post of Deputy Chief Executive to work alongside himself in the strategic management of the Authority.

Allied to this was the proposal to replace the Heads of Service/Corporate Managers posts with 7 posts of Service Directors.

The Head of Paid Service commented that the final grouping of services in each of the Service Directorates was yet to be finalised, and that this would not happen until after the appointment of the Deputy Chief Executive, and following consultation with the existing Heads of Service and Corporate Managers. However, he felt that it would be helpful to provide an indication of the likely priorities for service areas to commence that consultation. It was therefore proposed that, for the purposes of updating Council and providing an initial basis for informal consultation with Heads of Service and Corporate Managers, the main areas of focus were likely to be:

- Resources;
- Legal and Community;
- Leisure & Environment - delivering the new waste service;
- Revenues, Benefits and IT;
- Commercialisation and Customer Services; and
- Planning and Public Health.

In terms of timelines, the Head of Paid Service advised that he was in dialogue with the East of England Local Government Association regarding recruitment to the Deputy Chief Executive post, and that he would be working with them to move that process forward in late July/August 2017.

It was moved by Councillor Mrs L.A. Needham, and seconded by Councillor Julian Cunningham, that the recommendations in the report be approved.

The Council debated the report and the Leader of the Council and Head of Paid Service answered a number of Members' questions on the report. Some Members questioned the recruitment process and the proposed titles of "Service Directors" in terms of how this might be perceived by the public and potential re-grading leading to a loss of savings.

The Chief Executive advised of the process, and confirmed that any pay scales for the new posts would be independently evaluated by Hay. He stated that he would keep Members fully informed of progress on the restructuring process.

Upon the motion being put to the vote, it was

RESOLVED:

- (1) That the proposed senior management arrangements, as set out in the report, and the proposed timetable for the implementation of these arrangements, be noted;
- (2) That, to meet its statutory responsibilities, Ian Couper, Head of Finance, Performance and Asset Management be appointed as the Council's Chief Finance Officer (Section 151 Officer), effective from 4 September 2017; and
- (3) That the approach taken over many years of seeking to avoid compulsory redundancies wherever possible, as advocated in the agreed Reorganisation Policy, be supported. In the event that redundancies (either voluntary or compulsory) are required, then the costs of such redundancies will be met from a reduction in the General Fund balance which will be reported through the quarterly budget monitoring process.

REASON FOR DECISION: To enable the Council to meet the significant financial and service delivery challenges which it faces over the next 3-5 years.

30 **QUESTIONS FROM MEMBERS**

(A) Planning Applications

In accordance with Standing Order 4.8.11(b), the following question had been submitted by Councillor Steve Jarvis to Councillor David Levett (Cabinet Member for Planning and Enterprise):

“Why have the Council’s officers been asking developers to submit planning applications for sites identified in the Local Plan in advance of the Examination in Public of the Plan?”

Councillor Levett replied that the question assumed that that Planning Officers had been approaching developers to submit planning applications as described. As Planning Officers had not been approaching developers in this way he would be unable to give the reasons why.

Councillor Jarvis commented that he had been advised by a developer that he had been asked by NHDC to submit a planning application in advance of the Local Plan Examination in Public. He wondered why a developer would state this if it were not true. In realising that Councillor Levett would be unable to answer this, as a supplementary question, Councillor Jarvis asked if Councillor Levett would like to speculate on an answer?

Councillor Levett replied that he had spoken to Planning Officers and had received assurances that no such advice had been provided to developers. If Councillor Jarvis had any evidence that it had occurred, then he asked that it be given to him.

(B) Transport, Parking Enforcement and Safety

In accordance with Standing Order 4.8.11(b), the following question had been submitted by Councillor Judi Billing to Councillor Ray Shakespeare-Smith (Cabinet Member for Policy, Transport and Green Issues):

“Could the Portfolio Holder for Policy, Transport and Green Issues outline what arrangements are being put in place to ensure that we have the capacity to fulfil our responsibilities for transport, parking enforcement and safety including liaising properly with the County Council on such issues for the benefit of the people of North Herts?”

In terms of parking, Councillor Shakespeare-Smith replied that NHDC had adopted Decriminalised Parking Enforcement powers in January 2005. In respect of on-street parking enforcement, the Council acted on behalf of Hertfordshire County Council (the highway authority) under the terms of an agency agreement between the two authorities. As the parking authority, NHDC was also responsible for the management and enforcement of its own off-street car parks.

The Council had an adopted parking strategy which was under review at present.

The Strategy sets out the Council’s policy for the management and implementation of parking where required across the District. The Council had a programme of town wide parking reviews for each of its towns. As part of the reviews, the Council would seek to address some, but not all, on street parking issues. These were mainly in relation to parking issues in close proximity to the town centres and railway stations.

The County Council was responsible for highway safety matters and in some instances would also implement on street parking restrictions as part of county councillor highway locality budgets. This split function could be confusing and officers were seeking to improve working and responding to queries with the County Council going forward. Officers from both authorities meet quarterly to discuss new and on-going schemes emerging from the urban transport plans.

In terms of enforcement, NHDC had 10 Civil Enforcement Officers, a Parking Team Leader and Parking Manager, who actively managed parking enforcement across the District in accordance with the Parking Strategy. He was confident that the current level of staffing was sufficient for the levels of enforcement.

In terms of Strategic Transport matters, Councillor Shakespeare-Smith stated that this was business as usual. On strategic matters, such as road and rail, HCC would lead on these with NHDC input. NHDC, along with HCC, were members of the following consortiums which met as required. Both officers and Members attended these meetings:

- East West Rail consortium; and
- A1(M) consortium.

NHDC was also involved in specific projects such as:

- The A1 Strategic corridor Study (this is the Highways England smart motorway upgrade between Junctions 6 and 8); and
- HCC Local Transport Plan Review and the Northern Hertfordshire Growth Plan.

At an officer level there were ongoing meetings with HCC with regard to:

- North Herts & Stevenage Officers Steering Group – to discuss transport schemes at local level emerging from the Urban Transport Plans – officers meet twice a year; and
- Highways Liaison Meeting – this is the meeting run by HCC to update Members and Parish Councillors on transport schemes and future initiatives in North Herts – this meets twice a year.

In respect of resourcing and progressing the transport work and parking review, Councillor Shakespeare-Smith explained that this was a difficult market to recruit to in finding suitable transport professionals. He was working with the respective Heads of Service to ensure that adequate resources were put in place going forward. In the interim, he had asked officers to investigate using consultants to progress outstanding areas of work.

As a supplementary question, Councillor Billing asked:

“When will all the outstanding TROs, HBARs, Yellow line appraisals and waiting restrictions and liaison with Hertfordshire County Council (HCC) on a regular basis at their meetings with NHDC Members actually be able to take place, and which aren’t happening at present?”

Councillor Shakespeare-Smith reiterated his comment regarding resourcing, in that it was difficult to find suitably qualified professionals. However, he was working with officers to get these officers in place. Of the parking reviews in the District’s 4 major towns, 3 of these had been completed, with the Royston Review yet to be concluded.

Upon completion of this review, the process would start again. Part of this process was the invaluable contribution that District Councillors could make, as they became aware of issues of immediate concern to local residents. District Councillors were able to raise such issues both with their County Councillors and with him as NHDC Executive Member responsible for Transport. The issues could then be placed on a list and assessed to see if appropriate action could be taken.

(C) Communication to Members

In accordance with Standing Order 4.8.11(b), the following question had been submitted by Councillor Ian Albert to Councillor Ray Shakespeare-Smith (Cabinet Member for Policy, Transport and Green Issues):

“Could the Portfolio Holder for Policy, Transport and Green Issues outline his views for ensuring that councillors are kept informed by officers of matters of importance to their roles as effective ward councillors, so that they are not mostly informed of such matters by the press, community groups or constituents?”

Councillor Shakespeare-Smith replied that he did not accept the premise on which the question was based. He referred to the part of the question which stated “...so that they are not mostly informed of such matters by the press, community groups or constituents?”.

Councillor Shakespeare-Smith commented that everything discussed at NHDC Council and Committee meetings in one way or another impinged upon the residents of North Hertfordshire. The documentation contained in agendas was never reflected in any response that Members might see in the press or from local community groups. The information that Members received weekly in the Members’ Information Service outlined various matters, such as CCTV reports, press releases, planning applications and decision, and many other items.

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Councillor Shakespeare-Smith stated that the above documentation was not provided to Members by local community groups, constituents or the press. There were other sources of information available to District Councillors, as Members were able to phone officers to discuss any matters of concern. They also had access to their County Councillors for matters relating to the County Council.

Councillor Shakespeare-Smith considered that the premise that Members were mostly informed of issues by local community groups, constituents or the press was, in his opinion, totally false. However, what Members were informed about were small issues that sometimes appeared as headline news in the local press or that constituents from time to time contacted them about. It was regrettable, but inevitable, in an organisation the size of NHDC, with over 3,000 statutory responsibilities, that situations arose of which the Council was unaware, and was therefore not always in a position to inform councillors.

Councillor Shakespeare-Smith concluded by reassuring Members that NHDC took criticism and questions about its services seriously, and always tried to address these to the best of its ability.

Councillor Albert referred to particular issues where he felt that communications to Members should have been better, such as Bancroft Park, Hitchin Town Football Club, Radcliffe Arms planning application, Funfair location on Ransomes Recreation Ground, Hitchin Swimming Pool and North Hertfordshire Museum/Hitchin Town Hall, and the recent Hitchin Air Quality survey. As a supplementary question, Councillor Albert asked if a cultural change was necessary at NHDC to ensure that systems were put in place to ensure that councillors were informed (by e-mail if necessary) when urgent and important issues arose so that they were not made first aware of such issues by reading local newspapers?.

Councillor Shakespeare-Smith did not accept that the organisational culture referred to by Councillor Albert existed at NHDC. He referred to the Member/Officer protocol on working relationships contained in the Council's Constitution, which detailed the responsibilities of councillors and officers. If Councillor Albert believed that officers were not abiding by that protocol then it would be an issue that the Council would need to look at most carefully.

Councillor Shakespeare-Smith responded to two of the examples quoted by Councillor Albert. In respect of Hitchin Town Football Club, no reference had been made in the press article to the fact that the Football Club had let out a substantial parking area on its own land for use by Avis Cars. In respect of Hitchin Swimming Pool, he reminded Councillor Albert that they both been present at the Hitchin Committee meeting where that item had been presented, and which later appeared as a complaint on the front page of the Comet newspaper. The presenter of the complaint admitted himself that his immediate response was to use social media to "vent his spleen" and, as a consequence, he received a large number of "followers". What he had failed to do was to phone the Council or Stevenage Leisure Limited to report the complaints. How was the Council therefore able to respond to a complaint which had not even been reported to it.

Councillor Shakespeare-Smith concluded by stating that items were often seen in the local press which did not give the full story, and that this should be borne in mind by members when reading articles. He encouraged Members to phone appropriate officers to receive the full details of items which appeared in the local press.

31 NOTICE OF MOTIONS

There were no notices of motions.

The meeting closed at 9.43 pm

Chairman at the meeting on
Wednesday, 19 July 2017

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*PART 1 – PUBLIC DOCUMENT	AGENDA ITEM No. 6
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TITLE OF REPORT: ITEM REFERRED FROM CABINET: 25 JULY 2017 – CORPORATE PLAN 2018 TO 2023

The following is an extract from the Draft Minutes of the Cabinet meeting held on 25 July 2017.

20. CORPORATE PLAN 2018 TO 2023

The Executive Member for Policy, Transport and Green Issues presented the report of the Strategic Director of Finance, Policy and Governance in respect of the Corporate Plan 2018 to 2023. The following appendix was submitted with the report:

Appendix A – Corporate Plan 2018-2023.

The Chairman of the Overview and Scrutiny Committee presented the following referral from that Committee, made at its meeting held on 18 July 2017, in respect of the Corporate Plan 2018 to 2023 (Minute 27 refers):

“RECOMMENDED TO CABINET: That Cabinet consider the comments of the Overview and Scrutiny Committee made in the discussion above regarding the Corporate Plan 2018 to 2023, in particular the following:

- (i) That the document as a whole felt disjointed;
- (ii) That more hard data should be included;
- (iii) That some specific and measurable targets should be included;
- (iv) That some detail be included regarding the differences between parished and non-parished areas;
- (v) That, whilst acknowledging financial constraints, the document should be more policy led.”

The Executive Member for Policy, Transport and Green Issues advised that the Corporate Plan needed to reflect any recent changes in legislation; capacity; financial constraints; population; and patterns and location of deprivation. He added that the Plan also reflected the three Corporate Objectives approved by the Council on 19 July 2017.

In respect of the Corporate Plan itself, the Executive Member for Policy, Transport and Green Issues explained that it began with outlining the statutory and non-statutory services provided by the Council, before dealing with the Corporate Objectives. The Corporate Objectives had been the same for the past 3 or 4 years. Each objective contained certain key words. This was followed by what the Council intended to achieve under these key words. He considered that this was not a disjointed approach, rather it was a sensible and logical approach. He commented that he had taken note of the debate at the Council meeting held on 19 July 2017 and would change the sub-heading “Supporting the Disadvantaged” to read “Supporting Disadvantaged People”. The Plan next contained a short section on performance and monitoring and reporting, before concluding with a section describing North Hertfordshire’s community.

With regard to the recommendations of the Overview and Scrutiny Committee, the Executive Member for Policy, Transport and Green Issues considered that the document was not disjointed for the reason previously mentioned: it did not need to contain an excessive amount of hard data as it was a strategy document; if specific and measurable targets were included then this would turn the Plan into a series of Performance Indicators, which were dealt with separately and the monitoring of which was the responsibility of the overview and Scrutiny Committee; and financial constraints had to be uppermost in order that the Plan could be sufficiently funded. He was therefore unable to support Recommendations (i), (ii), (iii) and (v) of the Overview and Scrutiny Committee.

However, in relation to recommendation (v) of the Overview and Scrutiny Committee, the Executive Member for Policy, Transport and Green Issues agreed that some detail regarding the differences between parished and non-parished areas should be included in the document, and he had accepted that the Plan should be amended with appropriate references before it was submitted to Council for approval.

RESOLVED:

- (1) That the Corporate Plan 2018-2023 be amended to include the changed sub-heading regarding disadvantaged people and to include some detail regarding differences between parished and non-parished areas of the District;
- (2) That the Executive Member for Policy, Transport and Green issues be authorised to agree any minor typographical or re-drafting amendments to the document prior to its submission to Council; and

RECOMMENDED TO COUNCIL: That the Corporate Plan 2018 to 2023, as attached at Appendix A to the report, and as amended, be adopted.

REASON FOR DECISION: To have in place a suitable, high level strategic policy document for the Council, to inform its corporate business planning process.

The following is the report considered by the Cabinet at its meeting held on 25 July 2017 (with an amended appendix).

TITLE OF REPORT: CORPORATE PLAN 2018 TO 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

- 1.1 This report recommends the Corporate Plan for 2018/23 to guide and inform the 2018/19 Corporate Business Planning Process. The updated version of the Plan acknowledges the continuing financial constraints faced by the Authority and the inherent need to review on-going provision of services at their current levels to ensure they remain relevant to the community. It also reflects the aspirations to find new ways of generating revenue income to support service delivery.

2. RECOMMENDATIONS

- 2.1 That Cabinet recommends to Full Council the adoption of the Corporate Plan 2018 to 2023 as attached at Appendix A.

3. REASONS FOR RECOMMENDATIONS

- 3.1 The Council is required to have a suitable, high level strategic policy document to inform its corporate business planning process, and Council is required to approve the final Corporate Plan document as the formal, overarching policy framework for the authority.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 None.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 No external consultation has been undertaken in the preparation of this report. The Overview and Scrutiny Committee will consider the draft Corporate Plan at the meeting on 18th July 2017. Members will 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 and the Council's Consultation Strategy. 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 3rd 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 high level objectives are determined. At its meeting on 13th June 2017, Cabinet agreed that there should be no change to the Corporate Objectives.
- 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.
- 7.3 The Medium Term Financial Strategy (MTFS), proposed for adoption in this same committee cycle, informs the Council's budgetary position and ensures that policy and budget, especially at times of increasing financial constraint, are aligned.

8. RELEVANT CONSIDERATIONS

- 8.1 The Corporate Plan attached as Appendix A narrates the opportunities and risks facing the district, and also identifies the things the Council will do to ensure the Corporate Plan is being delivered. 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.
- 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 The Corporate Plan therefore 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 whilst statutory requirements placed on the authority have continued to rise
 - Financial constraints – work on future funding of local Authority Services through 100% retention of Business rates has been halted and it is unclear when and if it will restart. The anticipated Finance Bill was excluded from the Queen's speech and this has added 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.
 - Patterns and location of deprivation have changed in the past five years (evidenced by the Indices of Multiple Deprivation) so we should ensure that our services, and how they may be delivered, respond accordingly to these; in times of increased financial constraint it is all the more important that limited resources, both those of the Council and its partner agencies working in the local community, are directed to areas of greater need.
- 8.4 Having considered the relevant factors, the three objectives proposed to inform the Council's Corporate Budget Setting 2018/23 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.**

8.5 Subject to Cabinet's consideration, the Corporate Plan at appendix A will be referred to Council for adoption on 31st August 2017. All projects included in the Corporate Plan will be subject to sound business cases being provided, and specific targets established as they are introduced and the Council's performance against these will be monitored and reported.

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." The Corporate Plan 2018/23 at Appendix A represents the objectives and priority areas of work

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 and the Corporate Plan 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 and that there is capacity to deliver within the proposed timeframe.

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 particularly in view of the fact that capital spend is also required to maintain existing service provision.

11. RISK IMPLICATIONS

- 11.1 Adoption of the Corporate Plan and within it 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 other than the matter of capacity raised at paragraph 8.3. 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

Appendix A – Corporate Plan 2018-2023.

16. CONTACT OFFICERS

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17. BACKGROUND PAPERS

- 17.1 Corporate Objectives 2018-23 (Cabinet June 2017).

Corporate Plan 2018/2023.

OUR VISION: Making North Hertfordshire a vibrant place to live, work and prosper.

The Council is committed to working with its local communities to continue delivering good quality services that reflect the local priorities and resources which we and our partners have available to us. We use a range of information to identify priorities and planning for the future such as consultation with our residents, local businesses, population and other data as shown in the Appendix “Our Community”.

This Corporate plan considers the nature of North Hertfordshire District, its residents, potential changes in the future, challenges and policies and principles designed to meet the needs of our community now and in the future.

There are three objectives for the Council for 2018/2023 which are:

- **To work with our partners to provide an attractive and safe environment for our residents, where diversity is welcomed and the disadvantaged are supported.**
- **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.**
- **To ensure that the Council delivers cost effective and necessary services to our residents that are responsive to developing need and financial constraints.**

We continue to deliver a wide range of services both ‘statutory’ and ‘non-statutory’ on a day to day basis.

Among the numerous ‘statutory’ duties, some of which are provided at levels beyond the statutory minimum are:

- Waste collection from over 57,000 households
- Recycling almost 60% of waste collected
- Street cleansing over 400¹ miles of roads
- Food inspection of around 1,000 premises²
- Collecting council tax and Business rates from almost 57,250 homes and 4,400 businesses
- Planning for the second largest district in Hertfordshire at 145 square miles.
- Issuing of approximately 2,150 licences to premises and licenced individuals, around 550 licences to taxi and private hire vehicles and drivers and in the region of 850 temporary licenses to premises/individuals
- Homelessness provision
- Housing Benefit to around 6,800 claimants
- Regulation e.g. Parking, Fly-tipping

Among the numerous ‘non statutory’ services we provide are:

- Leisure centres in Hitchin, Letchworth and Royston
- Five swimming pools including 2 outdoor pools
- Maintenance of 100 hectares of parks and gardens
- ‘Splash’ parks in the four towns.
- Museum provision in the new North Hertfordshire Museum in Hitchin
- Local information and signposting to other services and providers
- Active Communities events

¹ North Hertfordshire Infrastructure Delivery Plan to support the North Hertfordshire Local Plan 2011 - 2031

² <http://ratings.food.gov.uk/authority-search-landing/en-GB/159>

- Collection of garden waste

Underpinning the provision of these services are the following considerations:

- Providing value for money to residents.
- Actively engaging in partnerships, shared services or alternative delivery models.
- Seeking new service provision which can generate income for re-investment by the Council to protect long term delivery of non statutory and other Council services.
- Prioritising consideration of the impact of any service changes or introductions on service users.

None of these objectives can be addressed in isolation as each impacts upon the other, as described below.

OBJECTIVE 1. Attractive and Thriving

To work with our partners to provide an attractive and safe environment for our residents where diversity is welcomed and the disadvantaged are supported.

An Attractive Environment.

The Council has a large public realm in both the rural and urban areas of the district. Considerable resources are used to maintain and improve these areas and we are committed to working with organisations such as Groundwork, the Countryside Management Service, community and 'Friends' groups to ensure that North Hertfordshire remains an attractive and thriving place to live.

Illustrative of this policy are:

- Ensuring that our renewed waste and street cleansing contracts continue to provide as efficient and effective a service as possible whilst continuing to maintain recycling rates
- Providing joint delivery of waste, street cleansing and recycling service including the most efficient means of transportation and disposal
- Delivering identified improvements to green spaces to include
 - Construction of pathway and roadway, Wilbury Hills Cemetery, Letchworth.
 - Renovation of play area, District Park, Great Ashby
 - Improvements to car parking and bridge access at Walsworth Common Hitchin
 - Replacement of items of play equipment at Chiltern Road Baldock
 - Review of investment in green space across the district to ensure it is properly aligned to usage
- Investigating a range of options to improve the use of Council assets
- Designating air quality management areas in Hitchin to address the improvement of the air quality of the area – Stevenage Road and Payne’s Park.
- Grant funding organisations sharing in the delivery of our objectives

A Safe Environment

In the Council’s most recent Citizens Panel survey [2014] respondents identified low levels of crime as the most important consideration. The Council helps build a safe environment through our Community Safety Partnership. North Hertfordshire has the fourth lowest crime figures compared to the rest of the county with 41.9 crimes per 1,000 of the population compared to 47.3 per 1,000 of the population for Hertfordshire.

Whilst the general trend in North Herts is for crime to fall, the reporting of domestic abuse is on the rise. This may represent an increase in real terms or a reflection of a greater confidence to report incidents knowing their concerns will be taken seriously.

- We will continue to work closely with our Community Safety Partnership and support providers. Regular consultations with Hertfordshire Police via our Scrutiny Committee aid in this process.
- Support for community groups such as 'Street Angels, Hitchin' (who patrol Hitchin Town Centre at weekends assisting late-night revellers) and others concerned with community safety also assists in creating and maintaining a safe environment.

Welcoming Diversity

North Hertfordshire has good community relations and works closely with and provides financial support to the North Herts Minority Ethnic Forum to ensure that our various ethnic groups integrate into the area.

As part of the Council's zero-tolerance approach to hate crime, North Hertfordshire District Council has recently become a third party reporting centre by

- Designating Hate Crime Champions who are on hand to assist any member of the public wishing to make a report of hate crime through the Council.
- Maintaining the framework instituted for dealing with issues relating to vulnerability, radicalisation and exposure to extreme views. The Tackling Extremism and Radicalisation guidance acknowledges that we are well placed to be able to identify safeguarding issues and this guidance clearly sets out how the council will deal with such incidents and identifies how our vision underpins our actions.
- Conducting an annual review of all relevant council decisions which have equality implications and ensure the annual cumulative equality assessment is publicly available.

The substantial increase in the number of residents over the age of 70 requires consideration of future services supporting older people to live independently. The Council developed 'Careline' which provides assistive technology for North Hertfordshire residents and works in partnership with a number of other organisations in the region to support independent living services. We are working with our partners to consider how best to support carers and those living with dementia. The new multi-agency Dementia Alliance and Hertswise collaboration with Age UK [Herts] is in the early stages of development and aims to maintain and develop support for those affected by dementia over the medium and longer term. We are active members of this development and will -

- Continue the expansion of independent living services
- Continue the work with Dementia Alliance and Hertswise

The combination of the Better Care Fund and the Disabled Facilities Grant by central government is intended to provide better conditions and services for the elderly and disabled. We support

- Our Careline scheme which has continued to expand across and outside Hertfordshire and enables older residents to live at home longer independently. Satisfaction with this service at over 99% is exceptionally high.

Supporting Disadvantaged People.

North Hertfordshire is a prosperous area, however, it does contain five areas classified as 'most deprived'. North Hertfordshire is also an expensive place to live. The Council is committed to tackling housing need through the provision of affordable housing through the planning process. We are also committed to working with our health and other partners to identify and address homelessness, recognising the link between poor living conditions, rough sleeping and mental and physical health conditions. Partners in this include North Hertfordshire Homes and the Sanctuary, a homeless hostel in Hitchin. The Council seeks to minimise the use of bed and breakfast and works with its housing partners, such as North Herts Homes, to secure high quality temporary accommodation.

We will

- Provide access to debt and budget management advice including through the Citizens Advice service which we continue to fund and through support to the Black Squirrel Credit Union, a local volunteer credit union who provide low cost loans.
- Continue to offer apprenticeship and work experience in a range of services to provide a step on the career ladder.
- Use the Planning process to deliver affordable housing
- Continue work with partners to address homelessness.
- Improve on-line benefit claims and payments to better serve those most in need.

OBJECTIVE 2: Prosper and Protect

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.

Sustainable Growth

In order to ensure there was sufficient land available to meet future housing targets the Strategic Housing Land Availability Assessment [SHLAA] was undertaken. This informed the Local Plan which is currently [June 2017] with the inspector. A wide ranging consultation process took place on potential sites eliciting thousands of responses from residents which were incorporated in the plan.

We recognise that tensions exist in creating opportunities for growth to sustain the local population, the impact on rail and road networks and the green and open spaces so important to our residents.

- We will review both existing and future green space provision.
- The Local Plan provides an increase in designated green belt land from 38% to around 47%
- Conclude the review of the Council's Car Parking Strategy to ensure it supports our corporate objectives.

We will continue to promote schemes with our partners to increase energy efficiency of residents' homes and reduce use of water, generated power and increase our sustainability for the longer term.

- We will maintain the six electric charging points for vehicles and install more where funding permits

The refurbishment of the District Council Offices will substantially reduce its carbon footprint. i.e by the incorporation of renewed Curtain walling to improve thermal performance and new low energy cooling & ventilation to significantly reduce energy consumption in the building

- We will seek to use more energy efficient LED lighting in our buildings where feasible.

Economic and Social Opportunities

The district has a considerable daily outflow of commuters to both London and increasingly to Cambridge. Johnson Matthey, NHDC, Altro and the retail and hospitality sectors constitute our largest employers. We work with the Local Enterprise Partnerships [LEP], the business sector, three Business Improvement Districts [BID] companies to identify opportunities for inward investment to increase our employment base and encourage new enterprise.

We will

- Continue to implement our Economic Development Strategy for the district including the provision of an Economic Development Officer to work closely in partnership, increasing inward investment and business development opportunities.
- Exploit the opportunities offered by new enterprise zones
- Continue to support local business through our Go Local Policy – for 2016/17 16% of our total spend on goods and services was spent with suppliers with an NHDC postcode.

Three of our four towns have BID companies. These companies use the additional business rate levy and individual memberships to contribute to various activities including:

- Community cinema in Royston
- Tourist information
- Street wardens
- Trade recycling
- Food fairs
- Street entertainment
- Festivals

We will continue to work with these companies.

Cultural and Physical Heritage

We aim to ensure North Hertfordshire is a place where people can prosper and we protect our heritage.

This aim is delivered through:

- Submission of the Local Plan to the following time scale
 - Summer 2017: Examination
- Following the redevelopment of the Council's office accommodation, explore opportunities to share that accommodation with other partners to increase financial and resource efficiency.
- Support North Herts Homes' regeneration of John Barker Place, Hitchin to provide new homes and better shops.
- Agree projects for delivery of improvements to urban and rural community facilities over four years from 2016 through the £1m Capital Enhancement Fund.
- Support Community events and local organisations through provision of relevant officer support.

OBJECTIVE 3: Responsive and Efficient.

To ensure that the Council delivers cost effective and necessary services to our residents that are responsive to developing need and financial constraints.

Cost Effective and necessary services

Over the last five years the percentage of our overall funding that we receive from government has fallen from 39% of our total funding to 24%. This means that we are increasingly dependent on Council Tax to support the Council's activities but even this is subject to government constraints. We have a statutory requirement to balance our budget and to do this, we can either increase income from fees and charges, seek ways to reduce the cost of providing the services that we deliver as part of our general activities or cease providing some non-statutory services where they are no longer affordable. This means that we continuously review the services we provide to ensure that they remain necessary and are delivered as efficiently as possible. We also seek to develop new income streams through our commercialisation agenda where we believe that these will be of value to our residents

A Responsive Council

The Council's 'districtwide survey' shows:

- 83% of respondents believe the way the Council runs its services remains high against the latest Local Government Association benchmark of 67%
- 79% believe that the services provided by NHDC are of good quality

The Council is responsive to local and developing need currently through partnership working e.g. membership of the Local Strategic Partnership (LSP) encompassing Hertfordshire County Council, North Hertfordshire Centre for Voluntary Services, Hertfordshire Constabulary, Hertfordshire Fire and Rescue Service, North Hertfordshire Minority Ethnic Forum, Hertfordshire Local Enterprise Partnership, Chamber of Commerce, North Herts Homes, Citizens Advice and the East and North Hertfordshire Clinical Commissioning Group.

The council will seek to enhance community engagement with residents, Parishes and local organisations through surveys of local residents and through the work of local elected Members.

Commercialisation.

The Localism Act and the Deregulation Act provide opportunities for 'commercialisation' such as Careline. The Council believes that commercialisation is key to providing the Council with the resilience it needs in the light of planned cuts to local government funding from 2020.

Over the past 3-4 years NHDC has altered the way in which it works and undertaken new activities based on maintaining and/or improving customer service, providing efficiencies and increasing the resilience of our services.

These include:

- Leisure Centres: contracted out to Stevenage Leisure Ltd. Reversal of financing from -£500k to +£500K during the contract period
- Waste: Outsourced initially in 2003/4. Shared waste service with East Herts anticipates a substantial saving to NHDC.
- Careline: Established by NHDC approximately 35 years ago this service was provided at a net cost of between £100K -£330K per annum. As part of a business transformation plan, the Council entered into a strategic partnership with Hertfordshire County Council; it now operates at no net cost to the Council and helps over 220 new clients per month.
- Building Control: a building control business has been established in conjunction with six other local authorities to deal with both local authority and private sector work. This is providing resilience and staff retention benefits.
- Legal Services: legal services have been offered to other local authorities for 18 months. This brings income to the Council and provides career development opportunities for staff hence assisting our recruitment and retention service.
- Refurbishment of the Council's offices providing the potential for lettings and room hire income.

Potential future development:

- Provision of a crematorium: Working with the private sector to provide and develop the provision.
- Creation of a Property company. 26 LAs currently have property development companies where the Local Authority can use the amounts generated to support ongoing service delivery.

The Council will explore these opportunities and others as they arise.

The Council owns a number of local assets and will continue to achieve best consideration from them in maintaining and managing them and may choose to do this through:

- Direct and indirect service provision
- Commercial Rental
- Operation by local groups
- Transfer to local, viable community organisations
- Exploring opportunities to share assets through the county-wide Hertfordshire Property Partnership which brings District and County Council, Police and Health colleagues together to look at optimal use of property,

We will work with our partners in Public Health Hertfordshire to improve the health and wellbeing of our communities by integrating health into the work of all our services, continuing to offer opportunities for physical exercise and use of outside space and monitoring food hygiene and air quality.

We aim to ensure North Hertfordshire is responsive and efficient and aim to deliver this objective by:

- Continuing to explore alternative options for effective and more efficient service delivery wherever possible, including through on-line self service opportunities, partnership, joint working or 'commercial' models where they are appropriate.
- Working with our contractors Stevenage Leisure Ltd.
- Continuing to extend Careline.
- Working with health partners to optimise opportunities for older residents to remain living independently but well supported at home including a programme to provide nutritional education for single older people in sheltered accommodation
- Working with community and voluntary sector partners to facilitate appropriate integrated services for those being cared for and their carers.
- Working through our leisure providers, schools and Sports England funded schemes to ensure that children/young people are offered the opportunity to increase activity to prevent long term ill health.
- Continuing to play a full part with Smoke Free Hertfordshire to reduce the incidents of smoking in adults and young people.
- Rolling out Building Control Services with six other Hertfordshire authorities.
- Optimising use, management and profitability of the Council's assets.
- Reviewing resources, including management structure, to ensure the Council continues to deliver key services cost effectively.
- Increasing awareness of opportunities for volunteers [formal and informal] through:
 - The Council's Outlook magazine
 - The Council's website
 - Social media
 - Working with partner agencies
- Reviewing how the Council and its partners can be better engaged with and build capacity for its communities and in doing so increase awareness of how to become more engaged with and in the democratic process.

PERFORMANCE MONITORING AND REPORTING.

- All projects will be subject to a sound business case being provided

- Specific targets will be established as projects are introduced and the Councils performance against these monitored and reported.

This will be done quarterly through the Council's Senior Management Team and the Overview and Scrutiny Committee. Any exceptions in regard to delivery of a top risk project are reported to the Council's Cabinet as necessary under their terms of reference. General project risks are reported via the Council's Risk Management Group and onward to Finance Audit and Risk Committee. Details of dates, times and agenda for meetings are available at www.north-herts.gov.uk

Our Community.

- Population ONS mid year 2016 132,700
- Population density 3.54 per hectare [Hertfordshire average 7.16]
- Large rural area
- Four main towns Baldock, Hitchin, Letchworth Garden City and Royston
- 24 wards
- The population projections suggest an increase of approximately 32, 600 (24.89%) in population in North Hertfordshire District over the 25 year period from 2014 to 2039. The biggest increases in population are estimated to be the age ranges for those over 70 and over all the way through to those 90+ years of age.
 - Factors influencing this are increased longevity, social patterns, and the attractiveness of district.
- The median age of both the UK and North Hertfordshire population is 40
- The life expectancy at birth for a resident in the North Hertfordshire District between 2013-2015 was 80.8 years for men and 83.1 years for women. (ONS).
- Lowest life expectancy area for males Hitchin Oughton , 76.1 years³
- Highest life expectancy for females Royston Meridian, 89.1 years
- In 2016, the smoking prevalence in Adults was recorded as 8.1% as compared to 15.5% in England⁴
- The percentage of overweight and Obese Children aged 10-11 in north Hertfordshire is 28.2%; this compares to 29.4% average of Hertfordshire and 34.2% for England
- 54.4% of adults are physically active. 57% of Adults are active in England.
- The mortality rate for cardiovascular disease for people aged 75 and under in North Hertfordshire (between 2013-2015) was 65.75 per 10,000 slightly above the Hertfordshire average(65.57) and below the England average of 74.65%.
- In 2011, 1,030 people in North Hertfordshire District stated that their general health was "very bad". That was 0.81% of the resident population. Also 19,182 people stated that they had a long-term health problem or disability that limited their day-to-day activities to some extent. That was 15.1% of the resident population⁵
- Projected population changes 2014-2039
 - 70-74 years an increase of 2,000 residents
 - 75-79 years an increase of 3,000 residents
 - 80-84 years an increase of 2,000 residents
 - 85-90 years an increase of 2,000 residents
 - 90+ years an increase of 3,000 residents⁶
 - In real terms each band would increase by 2,000-3,000 people by 2039
- In the 2011 Census, 10.1% of residents in North Hertfordshire District stated that they provide unpaid care. This was a total of 12,805 people. In comparison, 9.7% of residents in the Hertfordshire and 10.2% of Hertfordshire residents provided unpaid care in 2011. Furthermore, 1.8% (2,343 people) of the residents in North Hertfordshire District were providing 50 or more hours per week of unpaid care.

³ Public Health England; Life expectancy, based on Office for National Statistics mortality statistics

⁴ Public Health England. 2016. Health Profiles (Online).

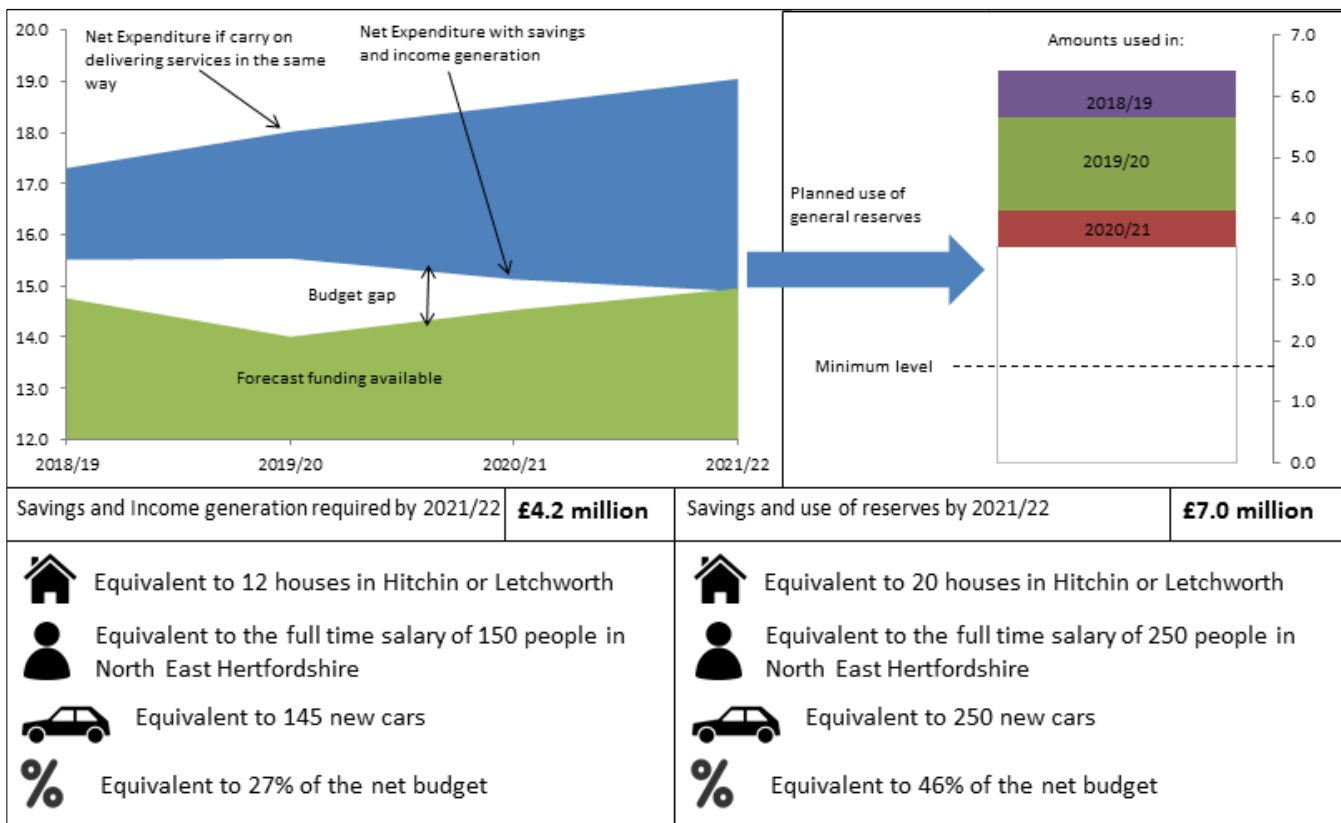
⁵: Office for National Statistics, 2011 Census, Table KS301EW.

⁶ Office for National Statistics Subnational Population projections for Local Authorities in England (mid 2014 to mid 2039)

- National record of Multiple Deprivation [IMD] rank five of our areas as being deprived using a measure of seven factors; level of income, access to adequate housing, employment, health, education, crime and deprivation factors affecting either the youngest or eldest. 32,844 neighbourhoods (also referred to as Local Super Output Areas, LSOAs) ranked nationally, the top 20% are seen as most deprived.
 - Letchworth South East 5,822 out of 32,844 LSOAs (refers to North Hertfordshire 009c area)
 - Oughton Hitchin 6,681 out of 32,844 LSOAs
 - Letchworth South East 7,062 out of 32,844 LSOAs (refers to North Hertfordshire 009b area)
 - Letchworth Wilbury 7,262 out of 32,844 LSOAs
 - Letchworth Grange 8,368 out of 32,844 LSOAs.⁷
- In 2011, the proportion of the total population that were in a minority ethnic group (i.e. not White-British) was 15.12%.(compared to 19.18% in Hertfordshire, 14.72 in the East of England and 20.25 in England).

Our Financial position

The Council has faced considerable budget pressures over a number of years as government funding has reduced throughout the years of austerity. The position with regard to proposed changes to funding support for local Government remains uncertain and the Council’s Medium Term Financial strategy for the period 2018/19 to 2020/21 forecasts that we will need to use a combination of efficiencies and new income generation proposals together with planned use of general reserves of around £8.1 million if we are to deliver a balanced budget.



Conclusions and trends.

1. The Council needs to ensure that the Corporate Plan reflects changes to our District.
2. The financial constraints placed upon the Council.

⁷ Department for Communities and Local Government – OpenData Communities
COUNCIL (31.8.17)

3. The Council recognises the challenges in North Hertfordshire and the additional cost that will be incurred by:
 - An ageing population
 - Increasing demands on care services
 - Specific health concerns – obesity, smoking and helping the growing older population maintain their health.
 - Pressure for substantial housing growth
 - Maintaining and enhancing a cohesive community.
 - Addressing the needs of our separate towns and Parishes
 - Addressing areas of deprivation
 - Encouraging employment opportunities
4. The Council recognises that the Corporate Plan is a “live” document which will develop over time.
5. The Council recognises that implicit in addressing these issues is a commitment to partnership working, shared services, economy of scale, commercialisation and seeking efficiencies where possible.

*PART 1 – PUBLIC DOCUMENT	AGENDA ITEM No. 7
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TITLE OF REPORT: ITEM REFERRED FROM CABINET: 25 JULY 2017 – MEDIUM TERM FINANCIAL STRATEGY 2018-2023

The following is an extract from the Draft Minutes of the Cabinet meeting held on 25 July 2017.

21. MEDIUM TERM FINANCIAL STRATEGY 2018 TO 2023

The Executive Member for Finance and IT presented the report of the Strategic Director of Finance, Policy and Governance in respect of the Medium Term Financial Strategy (MTFS) 2018-2023. The following appendix was submitted with the report:

Appendix A – Medium Term Financial Strategy 2018-2023.

The Executive Member for Finance and IT advised that the MTFS derived directly from the Corporate Plan, which put in place the Council's high level strategic direction. The MTFS was concerned with the infrastructure underneath the Corporate Plan to ensure that the Council had in place the necessary finances to deliver the Plan.

The Executive Member for Finance and IT stated that the financial position continued to be uncertain. There was a financial settlement in place for three years, but beyond that timeframe the position was unclear.

The Executive Member for Finance and IT explained that it was forecast that the Council would need to reduce its expenditure or generate additional income of £4.2 Million per year by 2021/2022.

The Executive Member for Finance and IT outlined some of the key points contained in the MTFS, as follows:

- The MTFS now assumed a 3% staff pay increase in 2018/19 and 2019/20, followed by a 2% increase each year thereafter, it had previously assumed a 1% increase in each year. This would require a change to the current national 1% public sector pay cap policy for these pay increases to take place. If this cap was not lifted, then this pressure would reflect the cost pressures to maintain the staff resources to deliver services. The combined effect financially would be an additional £750,000 over 4 years;
- Last year's MTFS had assumed 0.5% growth in the Council Tax base (i.e. number of Band D equivalent properties paying Council Tax). Actual growth in the Council Tax base in recent years had exceeded 1% per year. It was expected that this level of growth would continue going forward and therefore the assumed growth had been changed to 1% per year;
- In respect of the New Homes Bonus, the 0.4% baseline was assumed each year. The figures in the MTFS were based on the assumption that the Local Plan was adopted. If it were not adopted then housing growth was likely to be much lower;
- Over the life of the MTFS, the available capital resources would be substantially diminished. After this, the cost of capital investment would be substantially higher as it would incorporate borrowing charges and Minimum Revenue Provision. The Capital Programme (for all projects that were not committed to start) would be reviewed to ascertain whether each project was necessary for continued service provision and, if the project were for investment, what return would it provide (and would it still provide a positive return if were necessary to borrow money to fund the project); and
- Officers (including Corporate Board) would continue to review current models of service delivery, and put forward proposals as to potential changes and the savings that could be achieved. This would include the determination of what non-statutory services were being provided (including services that exceeded the statutory level of provision) to ensure that there was a case for continued delivery.

RECOMMENDED TO COUNCIL: That the Medium Term Financial Strategy 2018-2013, as attached at Appendix A to the report, be adopted.

REASON FOR DECISION: To assist in the process of forward planning the use of Council resources and in budget setting for 2018/19 to 2022/23, culminating in the setting of the Council Tax precept for 2018/19 in February 2018.

The following is the report considered by the Cabinet at its meeting held on 25 July 2017.

TITLE OF REPORT: MEDIUM TERM FINANCIAL STRATEGY 2018 TO 2023

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

1. EXECUTIVE SUMMARY

1.1 This report recommends the Medium Term Financial Strategy (MTFS) for 2018/23 to guide and inform the 2018/19 Corporate Business Planning Process. The updated version of the Strategy reflects the impact of expected changes in funding alongside decisions taken by the Council during 2016/17. This is used to model the budget for the next five years and therefore highlight additional decisions that will need to be taken. The focus is on finding new ways of generating income and determining which non-statutory services the Council can afford to continue delivering.

2. RECOMMENDATIONS

2.1 That Cabinet recommends to Full Council the adoption of the Medium Term Financial Strategy 2018-23 as attached at Appendix A.

3. REASONS FOR RECOMMENDATIONS

3.1 Adoption of a MTFS and communication of its contents will assist in the process of forward planning the use of Council resources and in budget setting for 2018/2019 to 2022/2023, culminating in the setting of the Council Tax precept for 2018/19 in February 2018.

4. ALTERNATIVE OPTIONS CONSIDERED

4.1 None.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

5.1 No external consultation has been undertaken in the preparation of this report. The Finance, Audit and Risk Committee considered a report (at meeting on 12th June 2017) that set out the key issues that would need to be addressed in determining a MTFS. They commented on:

- The need to undertake modelling work on the impact of pay inflation in excess of the 1% increase currently assumed, particularly in the light of the impact of the national pay review and the salaries paid by neighbouring authorities.
- The need to undertake modelling work on the best use of Capital resources and the tolerance of risks associated with potential significant Capital Investment on schemes aimed at generating revenue income.

5.2 Members will 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 and the Council's Consultation Strategy.

Wherever it is available, use will be made of valid opinion research data and, where applicable, outcomes of the Districtwide Survey.

- 5.3 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 3rd 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 high level objectives are determined. At its meeting on 13th June 2017, Cabinet agreed that there should be no change to the Corporate Objectives.

- 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.

- 7.3 The Corporate Plan, proposed for adoption in this same committee cycle, informs the opportunities and risks facing the district, and also identifies the things the Council will do to ensure that it is being delivered.

8. RELEVANT CONSIDERATIONS

- 8.1 The Medium Term Financial Strategy attached as Appendix A details the forecast impact of reducing resources, and quantifies what the Council will need to do to balance its budget in the medium term (including a managed use of reserves in the short term). It is forecast that the Council will need to reduce its expenditure or generate additional income of £4.2 million per year by 2021/22. Given the scale of the budget savings that need to be found, it is imperative that spend is aligned to Council priorities, which is known as 'policy led' budgeting.

- 8.2 The MTFS highlights the following:

- The significant uncertainty over future forecasts and that the Council should aim to balance funding and expenditure by 2020/21
- The impact of the Department for Communities and Local Government (DCLG) refusing the Council's request to make a capitalised lump sum pension payment
- Provides a budget for pay increases above 1% to reflect the potential impact of the National Joint Council (NJC) pay review
- The estimated growth in the Council Tax base (the number of households paying Council Tax) is assumed to be 1%
- New Homes Bonus funding will be affected by any changes that are made to the baseline percentage, and is likely to be significantly reduced if the Local Plan is not adopted
- The Council's capital reserves will be significantly diminished over the life of the MTFS

- All spend (revenue and capital) should be reviewed to ensure that it is providing statutory services or has been prioritised in relation to meeting Council objectives
- There should be a continued focus on generating income from commercial activities

8.3 Subject to Cabinet's consideration, the MTFs at appendix A will be referred to Council for adoption on 31st August 2017.

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". Council's terms of reference include at 4.4.1(b) "approving or adopting the budget". The MTFs is part of the budget setting process.

9.2 The purpose of the report is to outline a medium term financial management strategy for 2018 to 2023. The attached MTFs will assist the Council in making sustainable decisions by providing a framework within which those decisions may be taken.

9.3 Councillors are reminded of the requirement, under section 30 of the Local Government Finance Act 1992, to set a balanced budget prior to the commencement of the financial year in question; and also that the Local Government Act 2003 requires the Chief Finance Officer to report on the robustness of estimates and the adequacy of reserves allowed for in the budget.

10. FINANCIAL IMPLICATIONS

10.1 Both revenue and capital financial implications are covered in section 8 and Appendix A.

11. RISK IMPLICATIONS

11.1 The key risks within the budget assumptions are referred to in section 8 and Appendix A. Section 2.13 of Appendix A highlights some of the impacts of changes in the assumptions made. It is highly likely to be necessary to revisit the forecasts made, especially in relation to New Homes Bonus funding.

11.2 There are financial and reputational risks involved in arriving at a balanced budget against the uncertainty surrounding levels of government funding. We seek to mitigate the risks by scenario planning, use of the established corporate business planning process and early involvement of members and key stakeholders. The Council has a Top Risk of "Managing the Council's Finances". This is monitored by the Finance Audit and Risk Committee. Having an MTFs is a key mitigation to this risk.

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 Paragraph 8.2 references the forecast impact of the NJC pay review, and there is more detail in section 2.6 of Appendix A. The ability of the Council to employ the people it needs to deliver services will be significantly impacted by not providing a competitive remuneration package.

15. APPENDICES

Appendix A – Medium Term Financial Strategy 2018-2023.

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NORTH HERTFORDSHIRE DISTRICT COUNCIL

MEDIUM TERM FINANCIAL STRATEGY

2018-2023

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Annex 2	Roles and Responsibilities

1.0 Introduction

- 1.1 The Medium Term Financial Strategy (MTFS), the Council's key financial planning document, is an integral part of the Council's Corporate Business Planning process. The Council operates a system of priority led budgeting, with those district priorities set out in the "Corporate Plan" policy document. The MTFS then sets out how the financial management process will contribute to delivering those priorities and sets out a clear framework for our financial decision making. The strategy is updated annually. We fully expect that it will change over time as new opportunities, or policy decisions, affect the bottom line.
- 1.2 The MTFS includes a forward look over the next five years to assess the spending pressures the Council is likely to face and the level of savings that will need to be made to allow us to achieve our legal duty to set a balanced budget each year. The Council has intentionally increased the level of its general reserves over the last few years, and is planning to use them to soften the impact of funding reductions. There will still be a need for the Council to review what services it delivers and how, but this approach does give more time to plan the impact of these changes.
- 1.3 The Council is required to retain a certain level of reserves. This is to provide protection against both known and unknown risks. This includes being able to react to changes in demand and any emergencies that may arise.
- 1.4 The current national political climate means that there is significant uncertainty within the MTFS and therefore it will be kept under review until the budget for 2018/19 is agreed at Council in February. Even once the MTFS is agreed by Council, it is still just a plan, and therefore it will be monitored throughout the year and amended to reflect updated information. The budget monitoring reports (revenue and capital) that are provided to Finance, Audit and Risk Committee and Cabinet are a key component of this.

2.0 The current picture

- 2.1 The 2017-22 MTFS set the following budgets for four years:

£000	2017/18	2018/19	2019/20	2020/21
Net revenue expenditure	15,978	15,762	15,348	15,162
Estimated Funding	15,235	14,873	14,108	14,641
Use of reserves	743	889	1,240	520
General Fund brought forward	6,061	5,319	4,430	3,190
General Fund carried forward	5,319	4,430	3,190	2,670
Assumed savings and income efficiencies to be delivered (cumulative)	800	1,500	2,150	2,750

- 2.2 Whilst the MTFS is for a five year period, detailed forecasts are only provided for a four year period. This reflects the substantial uncertainty over future funding levels and that the Council should aim to balance its funding within the four year period.
- 2.3 The final position at the end of 2016/17 was a General Fund Balance that was significantly higher (£8.235 million) than estimated above. This was due to underspends against budget and higher than forecast income from Business Rates. Some of the underspends have been requested to be carried forward, which increases the forecast spend in 2017/18.
- 2.4 To refresh the MTFS for the period 2018-23 it is necessary to consider any changes that need to be made to funding expectations and expenditure forecasts. Annex 1 provides further details of some of these assumptions. The following paragraphs detail the relevant changes.

- 2.5 The budget for 2017/18 includes a pressure of £558k in relation to lump sum pension payments. The Council's revenue contributions to the pension fund consist of two elements. The first is an annual contribution as a percentage of payroll, which is the employer's contribution to cover for the future benefits of the current employees. The second is the annual lump sum payment, which is the contribution towards the fund deficit and the benefits gained by previous employees in previous years. The Council had hoped to make an up-front lump sum payment into the pension scheme in 2016/17, funded from capital. This was the same as had been done in 2014, and doing the same again would have reduced the revenue impact of pension costs in future years. This use of capital resource required approval from the Department of Communities and Local Government (DCLG), but this request was turned down. The Council will try again to obtain permission but, in forecasting, a prudent assumption is that this will be unsuccessful.
- 2.6 Last year's detailed budget (agreed by Council in February) highlighted a risk in relation to a review that was due to be carried out by the National Joint Council (NJC) on Local Government pay scales. This was in relation to the impact of pay freezes, the increases for the new National Living Wage and that salaries are no longer in line with the general market. The outcome of this review has still not been finalised, but it is looking increasingly likely that the Council should make budgetary provision above previous assumptions (i.e. 1% wage inflation per year). This revised MTFs therefore assumes a 3% increase in 2018/19 and 2019/20, followed by a 2% increase each year thereafter. This would require a change to the current national 1% public sector pay cap policy for these pay increases to take place. If this cap was not lifted, then this pressure would reflect the cost pressures to maintain the staff resources to deliver services.
- 2.7 The Council submitted a 4-year sustainability (also known as efficiency) plan last year. This provided certainty over the level of Revenue Support Grant (RSG) that the Council will receive up to 2019/20. This currently includes an additional Business Rate tariff (known as Negative RSG) from 2019/20 of over £1 million. It was expected that 100% Business Rate Retention would have been implemented from 2019/20. Whilst this was not expected to provide any additional funding for Local Government, it could have resulted in a fundamental change to the distribution of resources. It would have also have given Local Authorities a greater share of any growth in Business Rates. However the required legislation was not passed prior to the General Election in June, and it did not feature in the Queen's speech. The DCLG have said they are still committed to Local Authorities taking greater control of their income and are planning to resume working on Local Government finance reform, but without an imminent Bill. Given this, and that any new system would provide some transitional protection, RSG and Business Rates are assumed to be in line with previous indications.
- 2.8 Current estimates of Business Rates are based on what Central Government determine to be the Council's baseline need, which is a prudent assumption. The Council does get to retain some growth in Business Rates and the estimates could be changed to reflect this. However any growth is quite uncertain and could be affected by collection rates, revaluations and appeals. We have, therefore continued to use the baseline need figures.
- 2.9 In February, Council agreed an increase in Council Tax of £5 for a Band D property (with other properties pro rata to this) for 2017/18. The MTFs assumes that the Council will continue to raise Council Tax by as much as it is allowed to without triggering a local referendum. At the moment this is the higher of 2% or £5 (Band D). Last year's MTFs assumed 0.5% growth in the Council Tax base (i.e. number of Band D equivalent properties paying Council Tax). Actual growth in the Council Tax base in recent years has exceeded 1% per year. It is expected that this level of growth will continue going forward and therefore the assumed growth has been changed to 1% per year.
- 2.10 There were significant changes to New Homes Bonus (NHB) funding announced in December 2016. As expected this reduced the period over which the Bonus is paid. However it also introduced a baseline percentage of 0.4%, which meant that only growth above that level in each

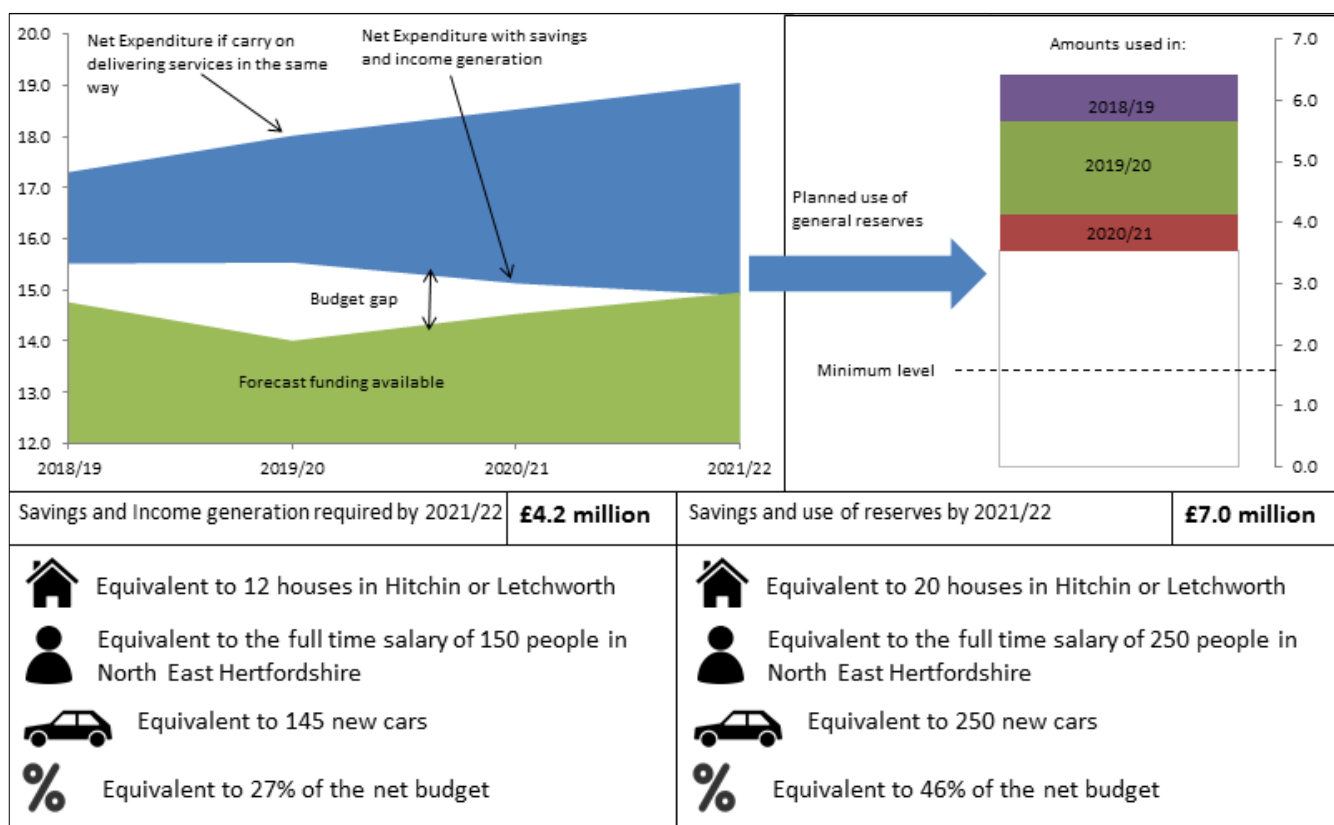
year would receive the bonus. For example, in 2017/18 the baseline was set at 0.4% of 56,942 properties = 228. So the Council did not receive a bonus for the first 228 properties, and therefore received a bonus based on 249 homes rather than 477. The bonus is funded from a fixed pot that has been top-sliced from the overall resources for funding Local Government. There is the scope for the baseline percentage to be adjusted in future years. The expectation is that it is only likely to increase e.g. to provide funding for specific services (such as social care) or to maintain the affordability within the overall fixed pot. This further reduces the funding the Council receives. Forecasts of housing growth in the District from 2020/21 show a significant increase (936 new homes in 2021/22 compared with 608 in 2019/20). As the overall pot is fixed, the Council should only expect a significant increase if the growth was exceptional. This is unlikely to be the case, so the forecast in 2021/22 is assumed to be the same as in 2020/21 (i.e. £1.25 million rather than the £1.80 million which would be received if it was based on 936 new homes). Without any further information, the 0.4% is used as a baseline in each year. The above is on the assumption that the Local Plan is adopted. If it is not adopted then housing growth is likely to be lower.

2.11 Expenditure and income over the next four years is therefore forecast to be:

£000	2018/19	2019/20	2020/21	2021/22
Gross expenditure brought forward	28,764	27,998	28,352	28,263
Ongoing base budget adjustments, including previously identified savings	-1,041	-191	-169	0
Estimated savings from Waste Vehicle purchase	-500	0	0	0
Additional savings or income generation to be identified*	-250	-500	-750	-750
Pay inflation	375	375	250	250
Contractual inflation	400	420	430	430
Pension scheme contribution increases	100	100	0	0
Investment budget	150	150	150	150
Total gross expenditure (excluding Housing Benefit subsidy)	27,998	28,352	28,263	28,343
Sales, Fees and Charges	-8,709	-9,048	-9,304	-9,565
Interest and commercial rental income	-1,347	-1,313	-1,313	-1,313
Specific Grants and Contributions	-2,428	-2,458	-2,520	-2,570
Net Expenditure- to be funded from taxation and general grants	15,513	15,534	15,127	14,896
Council Tax	-10,906	-11,263	-11,627	-11,996
Revenue Support Grant	0	1,070	1,125	1,159
Business Rates- including tariff adjustment	-2,628	-2,721	-2,803	-2,887
New Homes Bonus	-1,265	-1,119	-1,252	-1,252
Other	39	24	24	24
Net funding position (use of reserves)	754	1,525	595	-56
Reserve balance b/f	6,407	5,653	4,128	3,534
Reserve balance c/f	5,653	4,128	3,534	3,589

* These amounts are not cumulative. The total additional annual savings that need to be delivered by 2021/22 are £2.25 million.

2.12 The Council’s General Fund balances are being used to cushion the impact of the reduction in funding and the requirement to make efficiencies in the early years. The Council has deliberately increased its General Fund balances for this purpose. A minimum General Fund balance of around £1,600k has been calculated for the purpose of protecting the Council against known and unknown financial risks. The Council is required to consider and maintain a minimum General Fund balance, as part of prudent budget planning. The very high uncertainty for year 5 (2022/23) makes it difficult to estimate what further savings will need to be delivered. However targeting a balanced budget by 2021/22 (with reserves remaining) would put the Council in a good position. The information above is presented graphically below:



2.13 There are a number of assumptions built in to this analysis. The table below shows the sensitivities of some of these assumptions and the potential impact on budgets:

	Additional (reduced) use of reserves over 4 years (£000)
Council tax base growth at 0.5% per year (rather than 1%)	573
Council Tax increases at 2% rather than £5	287
Additional 1% pay inflation per year	500
10% reduction in previously identified savings that are delivered	98
New Homes Baseline at 0.5% (rather than 0.4%)	911
Additional 100 household growth per year for New Homes Bonus	(1,094)

2.14 The Council currently has capital reserves that it can use to fund its capital programme. This means that the revenue impact of capital investment is minimal as it is just the lost interest from treasury investments. Over the life of the MTFS the available capital resources will be substantially diminished. After this the cost of capital investment will be substantially higher as it will incorporate borrowing charges and Minimum Revenue Provision. The capital programme (for all projects that are not committed to start) should be reviewed on the following basis:

- Is it necessary for continued service provision?
- If it is for investment, what return does it provide? Does it still provide a positive return if it was necessary to borrow money to fund the project?

3.0 Next Steps- Bridging the Gap

3.1 Corporate Business planning will need to be undertaken to identify how the required savings and income efficiencies will be delivered.

3.2 The roles and responsibilities of Councillors, Officers and Corporate Board are detailed in Annex 2. In summary the actions that will be required are:

- Officers (including Corporate Board) will continue to review current models of service delivery, and put forward proposals as to potential changes and the savings that could be achieved. Options may include:
 - Up-front (capital) investment to enable change
 - Working with others e.g. joint provision, joint procurement
 - Challenging the extent to which they deliver Corporate Priorities
 - Determine what non-statutory services are being provided (including services that exceed the statutory level of provision) and ensure that there is a case for continued delivery
 - Review of the capital programme
- There will be a continued focus on Commercialisation. Work will be on options for generating revenue income from capital investment and/ or trading. These options are likely to involve a lag between investment and savings generation.
- Councillors will be required decide on whether to take forward the options presented.
- The Head of Finance, Performance and Asset Management will monitor the assumptions made in funding and expenditure levels. When there is information that these will change, the MTFS will be updated and the implications presented back to Cabinet.

ANNEX 1 Budget Assumptions and Policies

Key Budget Assumptions

Inflation indices are reviewed on an annual basis and the forward budget projections amended accordingly. At this stage in the budget planning process, it is prudent to take a cautious approach and, in identifying the likely Council Tax requirement, the strategy focuses on the pressures on expenditure and assumes that income will rise in accordance with the determined policy. The figures presented in the MTF5 financial projections appendices include the following assumptions in line with the current financial strategy

- Investment income is based on cashflow projections and a 1% return. This is significantly affected by the timing of expenditure in the capital programme.
- New Homes Bonus (NHB) will be awarded for 5 years from 2017/18 and 4 years from 2018/19. A 0.4% baseline (dead-weight) has been assumed. The split between District and County is assumed to remain at 80:20. It is assumed that the Council will have a Local Plan which will allow it to continue to receive NHB. The number of new homes per year is based on prudent estimates and could be higher.
- The majority of the New Homes Bonus is used to continue the delivery of services in the face of other government funding reductions and is built into the base budget
- Contract inflation in accordance with the individual contract terms.
- Pay inflation at 3% in 2018/19 and 2019/20, and 2 % each year thereafter.
- Pension fund contributions do not include the assumption of making a capitalised lump sum payment, as permission has been declined by Department for Communities and Local Government. Making a £2.5 million capitalised up-front payment would firstly reduce the lump sum payments in each of the next 3 years by £834k (revenue saving). Additionally the up-front payment will be invested by the pension fund on a long-term basis so it would be likely to improve our funding position (and therefore reduce our contribution rates) following future revaluations. The pension fund made investment returns of 22% over 3 years.
- No allowance is made for general inflation on remaining expenditure. Although after allowing for salary and contractual inflation, the remaining amount is insignificant.
- Discretionary fees and charges income will be increased by CPI at November, plus 2%. This will be where it is legally possible (i.e. would not lead to a profit) and subject to market impact assessment.
- The overall Council tax base figure will rise by 1% per annum.
- Council tax precept will be increased by £5 (band D equivalent), or 2% where this is higher.
- An assumed 99% collection rate for the purposes of calculating the Council tax base.
- An assumed 97% collection rate for Business Rates
- The minimum General Fund balance will be maintained at 5% of net expenditure plus an allowance for known financial risks.
- Any future changes to the local Council Tax Reduction Scheme will aim to have a cost neutral impact.
- The current assumption is that payments from Hertfordshire County Council as part of the Alternative Financial Model (AFM) for waste will continue. Pressures in relation to waste growth and cost of disposal may affect this in the future.
- A vacancy savings target set at approximately 2.5% of salary budget to yield in the region of £0.23 million is included in the base budget in each year.
- Any investment in Area Committee budgets to reflect additional responsibilities will be offset by reductions in Directorate budget
- The Council will not subsidise areas which are the responsibility of another precepting body other than through a one-off match-funding arrangement where this is in the interests of the local Council tax payers.
- Full Council may approve as part of the annual budgetary process that unallocated Area Committee budgets can be carried forward from one year to the next and not be subject to the normal rules for carry forward budgets.

- All assumptions are subject to further refinement as we go through the budget process and more certain information becomes available.

Income Policy

As a minimum in recent years, where legally possible, the Council has sought to increase discretionary fees and charges annually in line with inflation, as measured by CPI plus 2% (at November).

The Council has previously taken the decision that certain discretionary services should move towards a break-even position, and some specific services must be provided at a net nil subsidy to the taxpayer wherever possible, and in these cases fees and charges may already be increased at a higher rate should it be required. Any other deviations from the strategy of increases by CPI plus 2% have to be explained and reported.

Generally speaking, charges are optimised to a level where we are reasonably confident they will not deter use of the service or impact on achievement of the policy objectives the Council is pursuing. We are conscious of the price sensitivity for some areas of our charges and that some charges can be in the upper quartile. It is therefore important that, as part of any review, we consider charges levied by competitors, and similar local authorities, to inform our own fee setting. The charging policy and particularly the level of subsidy for some charges is under constant review, as is applicability of charging for the use of our assets, as well as services.

Reviewing service provision

As part of further developing the Medium Term Financial Strategy, we continue to investigate the appropriateness of service subsidies and also the funding of functions which are the responsibility of other bodies. We recognise that we should give careful consideration to each individual case before reaching a decision and should apply the test: "should the Council Tax payer pay for all or part of a service or should it be the service user?" Many of the services we provide are subsidised and during the budget setting process, service managers are now asked to review the extent of the subsidies and are asked the following questions:

- Does the service support the Council's high level objectives and priorities?
- Is the service statutory or discretionary and, in either case, do we have discretion over the level at which it is provided?
- What proportion or sections of the population use the service?
- What is the level of subsidy?
- What is the reason for the service subsidy?
- Is there a strategy in place which determines the level of subsidy going forward?
- Is there the opportunity to make greater use of or secure external grants to reduce the subsidy?
- What impact would a reduction in the level of subsidy have on the service?
- How much income could be generated by a removal of the subsidy?
- Should any removal be subject to a phasing in process and if so over how many years?

Changes made to service delivery are required to include an equality analysis.

The Council will seek to manage all its assets cost-effectively, including opportunities to optimise income from the use of these assets, offering concessions (as appropriate and affordable) to encourage use by all members of our community in pursuit of our priorities. We will also continue to explore opportunities in regard to our assets, including long term leases which effectively constitute a transfer, whereby community groups take on responsibility for the operation and overall facility management.

The Local Government Act 2003 permits local authorities to trade with both public and private sector bodies. In broad terms authorities may not trade for profit unless that activity is performed through a company. The Localism Act 2012, while vesting a general power of competence, retains this requirement. Section 4 of the Localism Act restricts the ability of a local authority to carry out activities for a commercial purpose using the general power. Section 4 (2) provides that if a local authority undertakes a commercial activity in exercise of its general power it must only do so through a company (for this purpose this covers limited or "registered society" i.e. formerly co-operative, community benefit society or industrial provident society). Consequently, these provisions will be considered when exploring alternative service delivery models.

Risks and General Fund Level

Best Practice guidance issued by CIPFA states that the general fund balance may be between 5% and 100% of net expenditure. With an original estimate of net revenue expenditure of around £16 million and a Bellwin Threshold of £32k, the minimum 5% balance is in the region of £800k.

When setting the budget each year, the Council considers the potential impact of the risks in the assumptions made and adjusts the minimum 5% figure accordingly. Where there is the potential for increased volatility in funding levels, it is prudent to **either** consider increasing the minimum level of General Fund balance to around 10% to cope with any sudden change in income **or** to review the allowance made for a specific risk

Specific risks are identified and classified as high, medium or low risk and allowance is made for a proportion of the risk value. For high risk items, 50% of the risk value, for medium risk, 25% of the risk value and for low risk items, 0%. This is regarded as an appropriate risk management approach to risk likelihood and value.

In addition to the General fund balance, the Authority maintains a number of earmarked reserves and provisions, one of which is the special reserve.

Use of Capital

The Council still has fairly significant capital balances, but over the life of this MTFs they are expected to be substantially diminished. The latest forecast (as per the Capital Programme Outturn for 2016/17) is that the Council will only have £1.7 million of capital reserves by the end of 2019/20, and this is assumes that £4 million of incoming receipts from land and property disposals can be generated. The supply of surplus land with development potential is reducing and therefore the opportunity for future capital receipts is limited.

When the Council has used all its capital reserves, future capital spending can be funded from borrowing as long as it is affordable, prudent and sustainable (Prudential Code for Capital Finance in Local Authorities, 2004). The affordable criteria relates to the revenue impact of borrowing, which is made up of interest charges and a Minimum Revenue Provision (MRP). These costs can be significant.

Local Authority capital spending improves services, protects the value of the Council's portfolio of assets and replaces existing assets as they reach the end of their useful lives. Capital investment is not a luxury since without it, local authorities would become unable to deliver even their existing services let alone respond to new demands. For all capital schemes there needs to be a consideration of the benefits that are generated, which will include:

- Is it necessary for continued service provision? What would the impact on the service be? Is the service statutory or does it deliver the Council's vision or high level objectives?

- If it is for investment, what return does it provide? Does it still provide a positive return if it was necessary to borrow money to fund the project (including MRP)? What is the level of risk in the expected returns?

These reviews should be carried out on an annual basis, and before any scheme commences. Inclusion on the capital programme is for the purposes of future planning, and does not guarantee that a scheme will go ahead.

ANNEX 2 Roles and Responsibilities

The role of Councillors in this process is to:

- set vision and strategic direction
- agree the Council's high level objectives and priorities
- agree the specific projects to achieve the priorities
- agree the rolling MTFS including decisions on the time-frame to be covered, external influences to be considered and included, strategy for use of balances, assumptions regarding government support and the implications of doing so, income policy, capital strategy and setting indicative council tax levels for future years
- scrutinise proposals for funding prioritisation and de-prioritisation as set out by managers
- decide between options presented
- decide on options for increasing fees & charges where a proposed approach varies from that outlined in the income policy
- give due consideration to both the risks and opportunities of options as the council necessarily explores new avenues
- discuss savings suggestions and income generation proposals with relevant Officers.
- take a corporate overview of the budget position once decisions on individual prioritisation have been taken.
- set the level of Council Tax each year
- scrutinise and monitor the budget throughout the year

The role of all Officers is to:

- put forward suggestions for actions to deliver the objectives and new opportunities
- ensure that existing spend and new projects link to and deliver one (or more) of the Council's objectives
- manage services to deliver the actions in the plan within budget allocations
- explore alternative ways of delivering services, including assessment of risks and opportunities
- propose income generation and service transformation opportunities
- report on value for money and continuous improvement
- monitor the budget throughout the year and ensure spending is in line with policy requirements

The Corporate Board of officers is led by the Chief Executive. The group:

- facilitates a critical review of existing expenditure. This involves reviewing the base position, challenging existing budget allocations and creating the ability to reallocate money to strategic priorities.
- reviews service areas in comparison to other authorities to determine opportunities for improvements and cost reductions, or to explain reasons for any differences.
- reviews bids for additional resources/ investments. All bids will be subject to detailed scrutiny and scoring process before inclusion in the draft budget. The strategic priorities fund can be allocated by the Board for short-term investments.

*PART 1 – PUBLIC DOCUMENT	AGENDA ITEM No. 8
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TITLE OF REPORT: ITEM REFERRED FROM CABINET: 25 JULY 2017 – CAPITAL PROPOSAL TO PURCHASE CARDIO AND RESISTANCE FITNESS EQUIPMENT FOR THE COUNCIL’S HITCHIN AND ROYSTON LEISURE FACILITIES

The following is an extract from the Draft Minutes of the Cabinet meeting held on 25 July 2017.

24. CAPITAL PROPOSAL TO PURCHASE CARDIO AND RESISTANCE FITNESS EQUIPMENT FOR THE COUNCIL’S HITCHIN AND ROYSTON LEISURE FACILITIES

The Executive Member for Leisure presented the report of the Head of Leisure and Environmental Services in respect of a Capital proposal to purchase cardio and resistance fitness equipment for the Council’s Hitchin and Royston leisure facilities. The following appendix was submitted with the report:

Appendix A – Proposed repayment schedule.

The Executive Member for Leisure advised that the proposal was to completely replace all of the gym equipment at the Hitchin and Royston Leisure Centres with more modern equipment, at a capital cost of £520,000. The Council would pay this cost up front, and over the next 5.5 years Stevenage Leisure Centre (the Council’s leisure contractor) would repay the equivalent of the cost + 3.5% interest through an increase to the annual management fee.

The Executive Member for Leisure stated the above system had worked successfully when gym equipment had been replaced/updated in the past, and she had no reason to doubt that it would not work successfully on this occasion.

The Executive Member for Leisure referred to an amendment to Paragraph 10.1 of the report, and confirmed that the Council currently received annually £83,137 (not £47,400) in income from the Hitchin and Royston Leisure Management contracts.

RECOMMENDED TO COUNCIL: That the proposal that cardio and resistance fitness equipment be purchased for the Council’s Hitchin and Royston leisure facilities at a cost of £520,000 be endorsed, and that this project be added to the Council’s Capital Programme for 2017/18 onwards.

REASON FOR DECISION: To help with the achievement of the Council’s Attractive and Thriving corporate objective, through increased health and wellbeing, and to ensure customer satisfaction is maintained with the Council’s leisure facilities.

The following is the report considered by the Cabinet at its meeting held on 25 July 2017.

TITLE OF REPORT: CAPITAL PROPOSAL TO PURCHASE CARDIO AND RESISTANCE FITNESS EQUIPMENT FOR THE COUNCIL'S HITCHIN AND ROYSTON LEISURE FACILITIES

REPORT OF THE HEAD OF LEISURE AND ENVIRONMENTAL SERVICES

EXECUTIVE MEMBER: COUNCILLOR JANE GRAY

COUNCIL PRIORITY: ATTRACTIVE AND THRIVING

1. EXECUTIVE SUMMARY

- 1.1. This report details and explains an investment proposal for the Council to purchase new cardio and resistance equipment for the Hitchin and Royston leisure facilities at an estimated cost of £520,000. The Council's Leisure Contractor (Stevenage Leisure Limited) would then pay back the Council in full over 5.5 years at an agreed interest rate of 3.5%. The repayment would be made through an increase in the annual management contract sum.

2. RECOMMENDATIONS

- 2.1 That Cabinet endorses the proposal and recommends to Council that the project, as detailed in this report, be added to the Council's Capital Programme for 2017/18 onwards.

3. REASONS FOR RECOMMENDATIONS

- 3.1 This project would help in achieving the Council's Attractive & Thriving corporate objective, through increasing health & wellbeing, and ensure customer satisfaction is maintained within the Council's Leisure Facilities.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 SLL has considered alternative providers of fitness equipment, however, the current system, known as Wellness, forms part of an integrated suite of fitness equipment all linked into a computer system that monitors user work outs and records user progress. This system is unique to Technogym.
- 4.2 SLL could purchase the equipment using their own money or borrow money from other means, however, the current arrangements have worked well in the past for both parties and are willing to continue.
- 4.3 The 'do nothing' option of leaving the current equipment in place and continuing to carry out necessary repairs as and when required could impact on customer satisfaction and increase the risk of members cancelling memberships.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 Initial discussions around this proposal have been held with the Head of Leisure & Environment and Stevenage Leisure Limited (SLL).

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 Under previous leisure contracts, the leisure contractor purchased new fitness equipment for the gymnasiums at Royston Leisure Centre and Hitchin Swimming Centre. Title of the equipment passed to the Council on expiry of those contracts.
- 7.2 SLL was awarded the contract for Royston and Hitchin on 1 April 2010. As part of the agreed contract terms, SLL were required to replace and purchase new fitness equipment during the early stages of the contract period. In 2010 SLL approached the Council with a proposal requesting that the Council instead purchase the fitness equipment and the annual management contract price be adjusted to reflect this. This was agreed and the Council purchased the equipment directly from the manufacturer. SLL's management fee was amended in order that the cost of the equipment was repaid with interest over a five year period. The purchase of the equipment was approved by Full Council in February 2011 as part of the 2011/12 Capital Programme and the equipment was purchased later that year.

8. RELEVANT CONSIDERATIONS

- 8.1 SLL has notified the Council that the cardio and resistance fitness equipment needs to be replaced to ensure customer satisfaction is maintained. Officers of the Council have inspected the equipment and support SLL's recommendation.
- 8.2 SLL has negotiated the purchase of the new fitness equipment and has approached the Council proposing the same arrangement as 2011 be followed again.
- 8.3 The fitness equipment to be purchased will cost a total of £520,000 and has an anticipated useful life of 5 years.
- 8.4 The replacement of some of the fitness equipment restricts the Council to purchasing the equipment from the original manufacturer because it forms part of an integrated suite of fitness equipment all linked into a computer system, known as Wellness, which monitors user workouts and records user progress, hence there is interoperability with existing and new equipment. As such, approval for a single tender would be required prior to purchasing the equipment from the manufacturer.
- 8.5 As SLL purchase a lot of equipment from Technogym they receive a larger discount than the Council would if it were to purchase the same equipment directly. SLL have agreed with Technogym that the quote they have obtained will be the cost that the Council pays.
- 8.6 As part of the Leisure Management contracts SLL are responsible for the repair and maintenance of equipment. The Council would therefore not have to meet any costs for the ongoing repairs and servicing of this equipment.

9. LEGAL IMPLICATIONS

- 9.1 A variation of contract will be undertaken for the Hitchin and Royston Leisure Management contracts to give effect to the proposal in this report.
- 9.2 The OJEU threshold for the purchase of goods is currently €209,000. Although the purchase price is above the OJEU threshold, section 72 (b) of the Public Contracts

Regulations 2015 (“**Regulations**”) confirms a contract can be modified to incur spend above the OJEU threshold provided the following criteria are met.

“for additional works, services or supplies by the original contractor that have become necessary and were not included in the initial procurement, where a change of contractor—

(i) cannot be made for economic or technical reasons such as requirements of interchangeability or interoperability with existing equipment, services or installations procured under the initial procurement, or

(ii) would cause significant inconvenience or substantial duplication of costs for the contracting authority,

provided that any increase in price does not exceed 50% of the value of the original contract”

The proposal in this report in is connection with necessary additional supplies for equipment that must be purchased from Technogym in order to ensure interchangeability and interoperability with existing equipment. Furthermore, the purchase price does not exceed 50% of the value of the original contract. Therefore officers consider that the proposal in this report satisfies the requirements of section 72 (b) of the Regulations. Officers are also of the view that a procurement exercise would cause significant inconvenience.

9.3 The Council must publish details of this spend in accordance with section 51 of the Regulations and officers will liaise with legal and procurement in this respect.

9.4 Officers are satisfied that the rate of interest is comparable to rates obtainable on the open market and therefore Stevenage Leisure Limited is not receiving any advantage through public funds that would amount to state aid.

10. FINANCIAL IMPLICATIONS

10.1 The Hitchin and Royston Leisure Management contracts commenced from 1st April 2010 with a contract value at that time of £2.2m over the maximum length of the contract. The contract was recently extended to the full term of the contract and is due to expire in 2024. The Council currently receives annually £83,137 in income from the management contract.

10.2 The estimated total cost of purchasing the new fitness equipment is £520,000. SLL have indicated that if they were to seek to obtain this level of capital from the private sector they would expect to be offered an interest rate of 4%.

10.3 The loan to SLL would be at a fixed rate. The 4% that SLL can borrow at from the private sector is a fixed rate, and so the 3.5% loan from the Council is comparable to that. Both rates already price in expectations of increases in the Bank of England base rate (and interest rates in general) over the period of the loan. If a variable loan rate were to be agreed then it would need to be at a lower starting rate, which would then fluctuate with changes in a published interest rate. With a fixed rate, the Council will be better off if interest rate rises are lower than expected, but worse off if they are higher. As the loan is repaid over the 5 1/2 years, the impact of rate rises towards the end of the period is less significant. A fixed rate also reduces the administration involved in calculating the repayments to be made by SLL.

10.4 The proposal is therefore for SLL to repay this amount at a fixed interest rate of 3.5%. This has been calculated to generate a total of £52,410 in additional interest income to NHDC over the 5 year and 6 month period. The full repayment schedule is attached as appendix A. An up-front administration fee of £1,500 is also

proposed to be charged to SLL. Including this admin fee, the total amount repayable by SLL would therefore be £573,910.

- 10.5 The Council would purchase the new fitness equipment and the annual management contract fee would be amended accordingly. The interest amounts detailed in appendix A and the administration fee would be charged as additional income to the General Fund. The loan principal repayment element of the proposed monthly payments, as shown in Appendix A, would be charged against the capital debtor created at the point of recognising the £520k capital contribution from SLL in the accounts.

11. RISK IMPLICATIONS

- 11.1 At present, the Public Contracts Regulations 2015 are too recent to benefit from sufficient case law to fully understand how the Courts will apply section 72 in practice. Although officers are confident that the application of section 72 is appropriate and justified, a voluntary transparency notice will be published in the Official Journal of the European Union. The effect of publishing this notice will materially reduce risk of challenge.
- 11.2 The fitness equipment will be the property of the Council. As the property will be under the ownership of the Council, events which impact on the operation of SLL will not affect the ownership of the equipment.

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 As this report outlines a key decision- i.e. over £50,000.00 as impact assessment has been completed. SLL are committed to delivery of a wide range of leisure and cultural activities and opportunities for all the community, improve physical and mental health and wellbeing and the provision of new fitness equipment will assist this aim.

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 None have been identified.

15. APPENDICES

Appendix A – Proposed repayment schedule.

16. CONTACT OFFICERS

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17. BACKGROUND PAPERS

- 17.1 None.

Appendix A - Repayment Schedule for Gym Equipment						
Monthly Payment	Month	Loan amount	Interest Rate (annual)	Total Monthly repayment	Monthly Interest	Principal repaid
1	01/10/17	£ 520,000.00	3.5%	£ 8,672.89	£ 1,516.67	£ 7,156.22
2	01/11/17	£ 512,843.78	3.5%	£ 8,672.89	£ 1,495.79	£ 7,177.09
3	01/12/17	£ 505,666.69	3.5%	£ 8,672.89	£ 1,474.86	£ 7,198.02
4	01/01/18	£ 498,468.67	3.5%	£ 8,672.89	£ 1,453.87	£ 7,219.02
5	01/02/18	£ 491,249.65	3.5%	£ 8,672.89	£ 1,432.81	£ 7,240.07
6	01/03/18	£ 484,009.58	3.5%	£ 8,672.89	£ 1,411.69	£ 7,261.19
7	01/04/18	£ 476,748.39	3.5%	£ 8,672.89	£ 1,390.52	£ 7,282.37
8	01/05/18	£ 469,466.02	3.5%	£ 8,672.89	£ 1,369.28	£ 7,303.61
9	01/06/18	£ 462,162.41	3.5%	£ 8,672.89	£ 1,347.97	£ 7,324.91
10	01/07/18	£ 454,837.50	3.5%	£ 8,672.89	£ 1,326.61	£ 7,346.28
11	01/08/18	£ 447,491.22	3.5%	£ 8,672.89	£ 1,305.18	£ 7,367.70
12	01/09/18	£ 440,123.52	3.5%	£ 8,672.89	£ 1,283.69	£ 7,389.19
13	01/10/18	£ 432,734.33	3.5%	£ 8,672.89	£ 1,262.14	£ 7,410.74
14	01/11/18	£ 425,323.58	3.5%	£ 8,672.89	£ 1,240.53	£ 7,432.36
15	01/12/18	£ 417,891.23	3.5%	£ 8,672.89	£ 1,218.85	£ 7,454.04
16	01/01/19	£ 410,437.19	3.5%	£ 8,672.89	£ 1,197.11	£ 7,475.78
17	01/02/19	£ 402,961.41	3.5%	£ 8,672.89	£ 1,175.30	£ 7,497.58
18	01/03/19	£ 395,463.83	3.5%	£ 8,672.89	£ 1,153.44	£ 7,519.45
19	01/04/19	£ 387,944.38	3.5%	£ 8,672.89	£ 1,131.50	£ 7,541.38
20	01/05/19	£ 380,403.00	3.5%	£ 8,672.89	£ 1,109.51	£ 7,563.38
21	01/06/19	£ 372,839.63	3.5%	£ 8,672.89	£ 1,087.45	£ 7,585.44
22	01/07/19	£ 365,254.19	3.5%	£ 8,672.89	£ 1,065.32	£ 7,607.56
23	01/08/19	£ 357,646.63	3.5%	£ 8,672.89	£ 1,043.14	£ 7,629.75
24	01/09/19	£ 350,016.88	3.5%	£ 8,672.89	£ 1,020.88	£ 7,652.00
25	01/10/19	£ 342,364.88	3.5%	£ 8,672.89	£ 998.56	£ 7,674.32
26	01/11/19	£ 334,690.56	3.5%	£ 8,672.89	£ 976.18	£ 7,696.70
27	01/12/19	£ 326,993.85	3.5%	£ 8,672.89	£ 953.73	£ 7,719.15
28	01/01/20	£ 319,274.70	3.5%	£ 8,672.89	£ 931.22	£ 7,741.67
29	01/02/20	£ 311,533.03	3.5%	£ 8,672.89	£ 908.64	£ 7,764.25
30	01/03/20	£ 303,768.79	3.5%	£ 8,672.89	£ 885.99	£ 7,786.89
31	01/04/20	£ 295,981.89	3.5%	£ 8,672.89	£ 863.28	£ 7,809.60
32	01/05/20	£ 288,172.29	3.5%	£ 8,672.89	£ 840.50	£ 7,832.38
33	01/06/20	£ 280,339.91	3.5%	£ 8,672.89	£ 817.66	£ 7,855.23
34	01/07/20	£ 272,484.68	3.5%	£ 8,672.89	£ 794.75	£ 7,878.14
35	01/08/20	£ 264,606.54	3.5%	£ 8,672.89	£ 771.77	£ 7,901.12
36	01/09/20	£ 256,705.43	3.5%	£ 8,672.89	£ 748.72	£ 7,924.16
37	01/10/20	£ 248,781.26	3.5%	£ 8,672.89	£ 725.61	£ 7,947.27
38	01/11/20	£ 240,833.99	3.5%	£ 8,672.89	£ 702.43	£ 7,970.45
39	01/12/20	£ 232,863.54	3.5%	£ 8,672.89	£ 679.19	£ 7,993.70
40	01/01/21	£ 224,869.84	3.5%	£ 8,672.89	£ 655.87	£ 8,017.01
41	01/02/21	£ 216,852.82	3.5%	£ 8,672.89	£ 632.49	£ 8,040.40
42	01/03/21	£ 208,812.43	3.5%	£ 8,672.89	£ 609.04	£ 8,063.85
43	01/04/21	£ 200,748.58	3.5%	£ 8,672.89	£ 585.52	£ 8,087.37
44	01/05/21	£ 192,661.21	3.5%	£ 8,672.89	£ 561.93	£ 8,110.96
45	01/06/21	£ 184,550.25	3.5%	£ 8,672.89	£ 538.27	£ 8,134.61
46	01/07/21	£ 176,415.64	3.5%	£ 8,672.89	£ 514.55	£ 8,158.34
47	01/08/21	£ 168,257.30	3.5%	£ 8,672.89	£ 490.75	£ 8,182.13
48	01/09/21	£ 160,075.17	3.5%	£ 8,672.89	£ 466.89	£ 8,206.00
49	01/10/21	£ 151,869.17	3.5%	£ 8,672.89	£ 442.95	£ 8,229.93
50	01/11/21	£ 143,639.23	3.5%	£ 8,672.89	£ 418.95	£ 8,253.94
51	01/12/21	£ 135,385.30	3.5%	£ 8,672.89	£ 394.87	£ 8,278.01
52	01/01/22	£ 127,107.28	3.5%	£ 8,672.89	£ 370.73	£ 8,302.16
53	01/02/22	£ 118,805.13	3.5%	£ 8,672.89	£ 346.51	£ 8,326.37
54	01/03/22	£ 110,478.76	3.5%	£ 8,672.89	£ 322.23	£ 8,350.66
55	01/04/22	£ 102,128.10	3.5%	£ 8,672.89	£ 297.87	£ 8,375.01
56	01/05/22	£ 93,753.09	3.5%	£ 8,672.89	£ 273.45	£ 8,399.44
57	01/06/22	£ 85,353.65	3.5%	£ 8,672.89	£ 248.95	£ 8,423.94
58	01/07/22	£ 76,929.72	3.5%	£ 8,672.89	£ 224.38	£ 8,448.51
59	01/08/22	£ 68,481.21	3.5%	£ 8,672.89	£ 199.74	£ 8,473.15
60	01/09/22	£ 60,008.06	3.5%	£ 8,672.89	£ 175.02	£ 8,497.86
61	01/10/22	£ 51,510.20	3.5%	£ 8,672.89	£ 150.24	£ 8,522.65
62	01/11/22	£ 42,987.55	3.5%	£ 8,672.89	£ 125.38	£ 8,547.50
63	01/12/22	£ 34,440.05	3.5%	£ 8,672.89	£ 100.45	£ 8,572.43
64	01/01/23	£ 25,867.61	3.5%	£ 8,672.89	£ 75.45	£ 8,597.44
65	01/02/23	£ 17,270.18	3.5%	£ 8,672.89	£ 50.37	£ 8,622.51
66	01/03/23	£ 8,647.66	3.5%	£ 8,672.89	£ 25.22	£ 8,647.66
		-£ 0.00				
TOTAL				£ 572,410.41	£ 52,410.41	£ 520,000.00

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COUNCIL 31 AUGUST 2017

*PART 1 – PUBLIC DOCUMENT	AGENDA ITEM No. 9A
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TITLE OF REPORT: QUESTIONS FROM MEMBERS

In accordance with Standing Order 4.8.11(b), the following questions have been submitted by Members to Cabinet Executive Members:

(A) Homelessness

[Note: the following question is a combined question from Councillors Clare Billing and Simon Harwood, to be asked by Councillor Billing.]

Councillor Clare Billing to Councillor Bernard Lovewell (Executive Member for Housing and Environmental Health):

“Could the Executive Member for Housing and Environmental Health update the Council on the number of homeless people recorded in North Hertfordshire, including Street Homeless, people ‘sofa surfing’ and those ‘rural homeless’ who might be living in cars, tents and farm buildings, and what measures are being taken to manage the increasing number of rough sleepers we see in the towns of North Hertfordshire, especially Hitchin and Letchworth, which are causing so much concern to residents and business owners?”

(B) Commercialisation

Councillor Steve Jarvis to Councillor Lynda Needham (Leader of the Council):

“When is it expected that the Commercialisation Project Board will make further recommendations to Cabinet or Council?”

(C) Charges for collection of garden waste

Councillor Paul Clark to Councillor Michael Weeks (Executive Member for Waste, Recycling and Environment):

“What effect would the introduction of charges for the collection of garden waste have on the Council’s recycling rates?”

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*PART 1 – PUBLIC DOCUMENT	AGENDA ITEM No. 10
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TITLE OF REPORT: NOTICE OF MOTIONS

To consider any Motions submitted by Members of the Council, due notice of which has been given in accordance with Standing Order 4.8.12.

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