

Public Document Pack

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Your Ref.
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To: Members of the Cabinet:

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

You are invited to attend a

MEETING OF THE CABINET

to be held in the

**FOUNDATION HOUSE, ICKNIELD WAY, LETCHWORTH
GARDEN CITY**

on

TUESDAY, 26TH SEPTEMBER, 2017 AT 7.30 PM

Yours sincerely,



David Miley
Democratic Services Manager

Agenda **Part I**

Item	Page
1. APOLOGIES FOR ABSENCE	
2. MINUTES - 25 JULY 2017 To take as read and approve as a true record the minutes of the meeting of this Committee held on the	(Pages 1 - 10)
3. NOTIFICATION OF OTHER BUSINESS Members should notify the Chairman of other business which they wish to be discussed by the Cabinet at the end of either Part I or Part II business set out in the agenda. They must state the circumstances which they consider justify the business being considered as a matter of urgency.	
<p>The Chairman will decide whether any item(s) raised will be considered.</p>	
4. CHAIRMAN'S ANNOUNCEMENTS Members are reminded that any declarations of interest in respect of any business set out in the agenda, should be declared as either a Disclosable Pecuniary Interest or Declarable Interest and are required to notify the Chairman of the nature of any interest declared at the commencement of the relevant item on the agenda. Members declaring a Disclosable Pecuniary Interest must withdraw from the meeting for the duration of the item. Members declaring a Declarable Interest which requires they leave the room under Paragraph 7.4 of the Code of Conduct, can speak on the item, but must leave the room before the debate and vote.	
5. PUBLIC PARTICIPATION To receive petitions, comments and questions from the public.	
6. ITEM REFERRED FROM OVERVIEW & SCRUTINY COMMITTEE: 18 JULY 2017 - REPORT OF THE TASK AND FINISH GROUP ON THE COUNCIL'S MANAGEMENT OF LARGER PROJECTS	(Pages 11 - 90)
7. STRATEGIC PLANNING MATTERS REPORT OF THE STRATEGIC DIRECTOR OF PLANNING, HOUSING AND ENTERPRISE	(Pages 91 - 108)

To inform Cabinet of the current positions regarding:

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

8. **FIRST QUARTER REVENUE MONITORING 2017/18** (Pages
REPORT OF THE HEAD OF FINANCE, PERFORMANCE AND ASSET 109 -
MANAGEMENT 118)
- To consider the First Quarter Revenue Budget Monitoring Report 2017/18.
9. **TREASURY MANAGEMENT FIRST QUARTER 2017/18** (Pages
REPORT OF THE HEAD OF FINANCE, PERFORMANCE AND ASSET 119 -
MANAGEMENT 136)
- To consider the First Quarter Treasury Management Monitoring report 2017/18.
10. **FIRST QUARTER CAPITAL MONITORING 2017/18** (Pages
REPORT OF THE HEAD OF FINANCE, PERFORMANCE AND ASSET 137 -
MANAGEMENT 152)
- To consider the First Quarter Capital Programme Monitoring Report 2017/18.
11. **COUNCIL TAX REDUCTION SCHEME 2018/2019** (Pages
REPORT OF THE HEAD OF REVENUES, BENEFITS AND IT 153 -
160)
- To update Cabinet on progress on the Council Tax Reduction Scheme and to consider whether or not any changes should be made for 2018/19.
12. **PROPOSALS REGARDING THE IMPLEMENTATION OF THE** (Pages
HOMELESSNESS REDUCTION ACT 2017 161 -
REPORT OF THE HEAD OF HOUSING AND PUBLIC PROTECTION 202)
- To consider proposals regarding the implementation of the Homelessness Reduction Act 2017.
13. **BUSINESS RATES PILOT AND BUSINESS RATES POOLING** (Pages
REPORT OF THE HEAD OF FINANCE, PERFORMANCE AND ASSET 203 -
MANAGEMENT 208)
- To consider an invitation from the Department of Communities and Local Government for the Authority to become a Business Rates retention pilot.

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Agenda Item 2

NORTH HERTFORDSHIRE DISTRICT COUNCIL

CABINET

MEETING HELD IN THE FOUNDATION HOUSE, ICKNIELD WAY, LETCHWORTH
GARDEN CITY ON TUESDAY, 25TH JULY, 2017 AT 7.30 PM

MINUTES

Present: *Councillors Councillor Lynda Needham (Chairman), Councillor Julian Cunningham (Vice-Chairman), Jane Gray, Tony Hunter, David Levett, Bernard Lovewell, Ray Shakespeare-Smith and Michael Weeks*

In Attendance:

Norma Atlay (Strategic Director of Finance, Policy and Governance), Ian Couper (Head of Finance, Performance and Asset Management), Ian Fullstone (Head of Development and Building Control), Vaughan Watson (Head of Leisure and Environmental Services), Steve Crowley (Contracts and Projects Manager), Louise Symes (Strategic Planning and Projects Manager), Nigel Smith (Principal Strategic Planning Officer), Mark Scanes (Systems and Technical Manager), Jeanette Thompson (Senior Lawyer) and Ian Gourlay (Committee and Member Services Manager)

Also Present: *Councillors Cathryn Henry (Chairman of the Overview and Scrutiny Committee), Elizabeth Dennis and Michael Muir.
10 members of the public.*

13 APOLOGIES FOR ABSENCE

There were no apologies for absence.

14 MINUTES - 13 JUNE 2017

RESOLVED: That the Minutes of the Meeting of Cabinet held on 13 June 2017 be approved as a true record of the proceedings and be signed by the Chairman.

15 NOTIFICATION OF OTHER BUSINESS

There was no notification of other business.

16 CHAIRMAN'S ANNOUNCEMENTS

- (1) The Chairman paid tribute to Norma Atlay (Strategic Director of Finance, Performance and Governance), who was attending her final Cabinet meeting before her retirement. She stated that Norma would be sorely missed as her financial guidance to Cabinet over the years had always been first class. She thanked Norma for the service she had provided to Cabinet, and wished her all the best for a well deserved retirement.
- (2) The Chairman announced that Members of the public and the press may use their devices to film/photograph, or do a sound recording of the meeting, but she asked them to not use flash and to disable any beeps or other sound notifications that emitted from their devices. In addition, the Chairman had arranged for the sound at this particular meeting to be recorded;
- (3) 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;
- (4) The Chairman asked that, for the benefit of any members of the public present at the meeting, Officers announce their name and their designation to the meeting when invited to speak.

17 PUBLIC PARTICIPATION

- (i) Emma Bown (Hitchin resident): petition against the proposed closure of Rosehill Play Area in Hitchin

Ms Bown advised that when the Council announced plans to close the Rosehill playground, the response in her neighbourhood was dramatic. The residents' submission sent to Members in May 2017, and which she trusted the Cabinet had all seen, had included some 450 hand written signatures from parents, childminders, grandparents, aunts and uncles who lived in the area and who took their children to the park. Responses also included those from beaver and cubs groups, school children who used the park and social media posts.

Ms Bown stated that she was attending the meeting to represent those people mentioned. She hoped Members had all seen the letter, the petition, and evidence of good use which was circulated to The Leader of the Council, the Executive Members for Leisure, local councillors and many others.

Ms Bown commented that local residents knew that the Rosehill Play Area was well used. Their own photographs confirmed that this was the case, and discussions they had had with the maintenance contractor affirmed this. Over and above the submitted response, only a few weeks ago over 80 people from the local community congregated there for the day for the Jo Cox Great Get Together. Almost every day after school the park was very well used. She asked how many of the Cabinet Members had taken the time to engage with users of this park? If Members had not seen the pictures and evidence they had submitted then she urged them to do so.

Ms Bown commented that the community's response was to question the Cabinet's wisdom and judgement in not maintaining a well-loved and well used community asset. She felt that it was not a lot to ask:

-for a Council to ensure a safe play space for local children who had no electoral voice;

-for a play space to be guaranteed when there was a growing population of children within 5 minutes walk;

-to forward plan for children who would come when new houses were built and families moved into developments at Cambridge Road junction and the planned development on Highover Farm;

-to keep a park and its equipment that was well used properly and professionally inspected and maintained. The maintenance company themselves had told residents that this park was well used and, indeed, of their surprise of the categorisation that there was low use and therefore the play equipment was to be removed. The residents had heard first hand stories from parents and grandparents who tell them of their own play time on the well-loved the 'rocking horse' which had been at the park for over 50 years. It was understood that the cost of the park was £2,200 per annum, set against some tens of thousands to remove the equipment. This information had not been readily forthcoming, and the residents had needed to persist to get this information. She asked councillors to pause and consider that figure of £2,200 per annum; and

-for councillors to think again about the plan to effectively close the Rosehill playground.

Ms Bown considered that a grassy area, as per the Council's plan, was not the same as a play area. Children needed to climb, interact, explore. This would not be possible if there was only grass available to them.

Ms Bown trusted that councillors had seen the petitioners' assertion that there were clear and distinct differences between Rosehill and the nearest alternative park, Walsworth Common. She expected that the Council would argue that the costs involved were such that it had no choice, but she felt that there was always a choice. Elected Members had to choose from a variety of priorities and the allocation of scarce resources was part of that job. If Members decided to always cut and snip at the least glamorous services, then the effect was felt at all levels.

Tuesday, 25th July, 2017

Ms Bown stated that, nationally, the Conservative Party had felt such an effect at the recent General Election. Right across the country, and here in North Hertfordshire, people were fed up with cuts to the basics. And so were the petitioners, in their Walsworth ward and neighbourhood.

Ms Bown was of the view that, for children and for families, playgrounds were the basics. To argue that a Community Group could take over the Play Park as a trust was passing the buck. By so doing, Members were denying their responsibility. There is no precedent in setting up a CAT for a park such as Rosehill.

Ms Bown stated that the residents elected Members to the Council to be responsible for all the Council's communities. It was the Members' job to look after the needs of the District's young children. She felt that this was not a lot to ask.

The Chairman thanked Ms Bown for her presentation.

(ii) Jackie McDonald (The Future of Hitchin Town Hall and Museum Social Media Group): Hitchin Town Hall and Museum

Ms McDonald advised that the reason she was speaking was because of the unsatisfactory and delayed response from Councillor Tony Hunter (Executive Member for Community Engagement and Rural Affairs) to her questions raised at the Overview and Scrutiny Committee meeting held on 21 March 2017 about the Hitchin Town Hall and District Museum. In his response letter dated 13 June 2017, the following questions were not answered to her satisfaction:

How much was the project likely to cost? The answer was an estimate of £5.81M in May 2016 which was outdated, she was led to believe projected additional expenditure to open the museum was likely to be approx. £1M, bringing the total cost to around £7M. Why was there no project cost update for 2017?

£29,250 of Section 106 money was spent on a youth facility at Hitchin Town Hall. Where was this youth facility? – the public needed to know.

Her concern was that the Lucas Room could be hired without it being Disability Discrimination Act (DDA) compliant. The answer was that this room was exempt from Building Regulations. Given that the Council had sold off buildings with entrance steps because of being DDA compliance she found this answer hard to believe. The purpose of the DDA made it unlawful to discriminate against people because of their disabilities in relation to employment, the provision of goods and services, education and transport and required "reasonable adjustments" to be made when providing access to goods, facilities, services and premises. No "reasonable adjustments" appeared to have been made to make it easier for disabled people to reach the Lucas Room.

She asked about the proposed £30,000 per year savings, and Cllr Hunter was not aware of this. In 2004/05, NHDC undertook a Fundamental Service Review (also known as a Best Value Review) of its Museum Service to close the two existing Council-run museums and instead run a museum and gallery on a single town-centre site, with a saving of £125,000. In February 2009, the Council proposed a scheme which envisaged revenue savings of £180,000p.a. This was under the portfolio of former Cllr Tricia Cowley, so it was unlikely that Cllr Tony Hunter would know about it. It seemed there had been several figures quoted, but she would be grateful to see an answer showing any saving to justify the massive expenditure so far.

Cllr Hone stated that the Council did not need the former 14/15 Brand Street in order to operate the new museum and Town Hall facility. We asked, if this is so, what were the cost implications to tax payers for the possible demolition of the building constructed on land that the council did not own? This was apparently commercially sensitive information, why then did Cllr Hone mention it? Surely any solution to open the District Museum as soon as possible would be welcome

Ms McDonald stated that because the District Museum was closed some people see this as a godsend for the Council. Once open expenditure would increase with additional staff to be employed along with costs for security, cleaning insurance maintenance etc. People were asking if this Museum was really necessary having been closed for so long.

Tuesday, 25th July, 2017

Ms McDonald commented that, as Members would be aware, the members of the public social media group "The Future of Hitchin Town Hall & Museum" had called for a full independent public enquiry into the financial management and upgrading of the Hitchin Town Hall and construction of the new District Museum. Involved was Mr Peter Lilley and the newly elected MP Bim Afolami who was dealing with it. Hopefully this, and her group's request for answers from her presentation to the Overview and Scrutiny Committee would help the Council to become more transparent on this matter.

The Chairman thanked Ms McDonald for her presentation.

The Executive Member for Community Engagement and Rural Affairs (Councillor Tony Hunter) stated that NHDC was now on its own in attempting to complete this project. In 2012, the Council had hoped that it would be working with a partner, but unfortunately that had been fraught with problems, which was why the current position pertained.

The Executive Member for Community Engagement and Rural Affairs explained that the £2.3Million cost quoted in previous reports was the projected cost when the Council was just looking at the Museum and Town Hall. Things changed when 14 and 15 Brand Street were added to the scheme, and hence the figure of £5.81Million was the revised projected cost. To date, NHDC had spent £5.329Million on the project.

The Executive Member for Community Engagement and Rural Affairs advised that all financial decisions on the town Hall had gone through either Cabinet or Council, and the last time a report was presented for a change in the budget was in May 2016.

In respect of Section 106 monies, the Executive Member for Community Engagement and Rural Affairs commented that the deployment of those funds was administered by the NHDC Planning Department, and had to meet the strict criteria for the use of such monies.

In relation to the DDA, the Executive Member for Community Engagement and Rural Affairs stated that on some occasions it was recognised that compliance would be difficult and so in these cases building operators were expected to do as much as they could to facilitate disabled access.

With regard to the statement made by Councillor Hone, the Executive Member for Community Engagement and Rural Affairs clarified that the Council could put a new lift in the part of the premises under its control and ignore the space occupied by 14/15 Brand Street. He added that the Council was now in a position where it could open the facility to the public in a selective manner, and that would be happening in the coming weeks. Council members would be shown around the facility in the next week, following which it would be opened up to selected groups from across the District.

The Executive Member for Community Engagement and Rural Affairs apologised for the fact that he had not been made aware that he had to reply to a letter from Ms McDonald until quite late in the process, partly due to the May 2017 Elections. He added that it had been agreed that the project would, at the appropriate time, be reviewed by the Council's Overview and Scrutiny Committee.

In response to a Member's question regarding how Ms McDonald had been led to believe that an additional £1Million had been spent on the project, she replied that this was information that had been provided to her by other people in the town.

The Cabinet Chairman asked the Strategic Director of Finance, Policy and Governance to check whether or not the building in Brand Street opposite the Town Hall referred to by Ms McDonald was DDA compliant and advise accordingly.

18 ITEM REFERRED FROM OVERVIEW AND SCRUTINY COMMITTEE: 18 JULY 2017 - CORPORATE PLAN 2018 TO 2023

RESOLVED: That consideration of this referral takes place in conjunction with agenda item number 8 (see Minute 20 below).

19 STRATEGIC PLANNING MATTERS

The Executive Member for Planning and Enterprise presented the report of the Strategic Director of Planning, Housing and Enterprise informing Members of the current position regarding the Duty to Co-operate with neighbouring authorities; Other Local Plans and Examinations; North Hertfordshire Local Plan; Neighbourhood Plans; and Government announcements.

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

- Duty to Co-operate – this was ongoing, and a list of the agreed Memoranda of Understanding previously published would be updated shortly;
- Other Plans and Examinations – the East Hertfordshire and Welwyn Hatfield Local Plans were on similar timetables to the North Hertfordshire Local Plan, and no dates for Examination Hearings had been announced, although Welwyn Hatfield had received a list of 22 preliminary questions from their appointed Inspector regarding the Duty to Co-operate; Luton had consulted on the “proposed main modifications” to their Local Plan, and the responses had been forwarded to the Inspector; Stevenage had consulted on “proposed main modifications” and NHDC’s response had been tabled at the meeting; in respect of the St. Albans Judicial review, a High Court Judge had upheld the Inspector’s conclusion that St. Albans had failed in their duty to co-operate; Central Bedfordshire’s Local Plan had been published for public consultation for 8 weeks commencing on 4 July 2017;
- North Hertfordshire Local Plan – an Inspector had been appointed for the Public Examination. The dates and venue for the Examination had yet to be announced, and Members and the public would be advised of them as soon as they were received. The Programme Officer had written to all Members and respondents to the consultation outlining her role and contact details;
- Neighbourhood Plans – Pirton Parish Council was in the process of appointing an examiner into their Neighbourhood Plan; an application by Bygrave Parish Council would be considered later in the meeting; consultation on the Wymondley Neighbourhood Plan began on 23 June 2017 and would close on 4 August 2017; and
- Government Announcements – the Housing White Paper “Fixing out Broken Housing Market” had been published in February 2017, but progress had been delayed due to the General Election; the first set of Regulations relating to the Neighbourhood Planning Act had been published.

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

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

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; and
- (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.

21 MEDIUM TERM FINANCIAL STRATEGY 2018-2023

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.

22 REVIEW OF EXISTING NORTH HERTFORDSHIRE PLANNING GUIDANCE

The Executive Member for Planning and Enterprise presented the report of the Strategic Director of Planning, Housing and Enterprise in respect of a review of existing North Hertfordshire Planning Guidance.

The Executive Member for Planning and Enterprise advised that an exercise had been carried out to review the Council's existing Supplementary Planning Guidance documents in order to identify whether or not they remained relevant in the light of the Council's emerging Local Plan that was submitted for Examination on 9 June 2017, or required updating, consolidating or revoking.

The Executive Member for Planning and Enterprise stated that the review had highlighted that some of the documents were out of date because policies had been changed; some needed revision due to new legislation; and others needed updating and consolidating to reflect the content of the Council's emerging Local Plan.

The Executive Member for Planning and Enterprise referred to Table A in the report, which identified those documents which it was recommended would be revoked without direct replacement, with reasons and timescales for their revocation. Table B in the report set out the existing guidance proposed to be retained, together with the proposed way forward for each document.

RESOLVED:

- (1) That the revocation of the planning guidance set out at Table A in Paragraph 8.8 of the report be approved; and

- (2) That the review be approved including, where appropriate, the consolidation of existing or new planning guidance documents set out in Table B in Paragraph 8.11 of the report.

REASON FOR DECISION: To demonstrate that the Council has a clear and up to date approach to its planning guidance.

23 DESIGNATION OF A NEIGHBOURHOOD PLANNING AREA FOR BALDOCK, BYGRAVE AND CLOTHALL

The Executive Member for Planning and Enterprise presented the report of the Strategic Director of Planning, Housing and Enterprise in respect of the designation of a Neighbourhood Planning area for Baldock, Bygrave and Clothall. The following appendices were submitted with the report:

Appendix A – Application letter from Bygrave Parish Council;
Appendix B – Letter of support from Clothall and Luffenhall Parish Meeting;
Appendix C – Map of the proposed Neighbourhood Planning Area for Baldock, Bygrave and Clothall;
Appendix D – Constitution of the Bygrave, Baldock and Clothall Planning Group; and
Appendix E – Summary of comments.

The Executive Member for Planning and Enterprise advised that the boundaries of previously designated Neighbourhood Planning Areas had generally been co-terminus with the boundaries of parish areas. This application was more complicated, in that the proposed Neighbourhood Plan area comprised two parishes and the unparished town of Baldock.

The Executive Member for Planning and Enterprise stated that questions had been asked as to whether this application complied with the provisions of Neighbourhood Planning legislation. He confirmed that the decision was to determine whether the application was for designation of the neighbourhood planning area was acceptable, and was not in relation to powers of the body/group which had submitted the application to subsequently undertake neighbourhood activities. He commented that legal advice had confirmed that the Council had the powers to approve the designation of the Neighbourhood Planning Area as submitted.

It was further confirmed that the application had been submitted by Bygrave Parish Council on behalf of the Baldock, Bygrave and Clothall Planning Group. The Senior Lawyer advised that should the designation of the Neighbourhood Planning area as submitted be approved, then Bygrave Parish Council would be the only qualifying body that could take the matter forward, no doubt in consultation with representatives and residents of Baldock and Clothall, as well as Bygrave.

RESOLVED: That, having regard to the representations made, the designation of the Baldock, Bygrave and Clothall Neighbourhood Planning Area, as detailed in Paragraphs 8.1 to 8.8 and shown in Appendix C to the report, be approved.

REASON FOR DECISION: To allow a neighbourhood plan to be prepared for Baldock, Bygrave and Clothall.

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.

25 NATIONAL NON-DOMESTIC RATES LOCAL DISCRETIONARY FUND

The Executive Member for Finance and IT presented the report of the Head of revenues, Benefits and IT in respect of the proposed implementation of a Business Rate Local Discretionary Fund, as announced in the 2017 Spring Budget. The following appendix was submitted with the report;

Appendix A – Local Discretionary Fund Criteria.

The Executive Member for Finance and IT advised that a Business Rates Local Discretionary Fund would be implemented as a result of the national revaluation of Business Rates which had taken place on 1 April 2017.

The Executive Member for Finance and IT stated that there had been wide concern from businesses that the effect of the revaluation, whilst being cost neutral overall, would mean that those who lost out would lose quite substantially. The Government had therefore proposed a series of measures to try and ameliorate the impact of the revaluation, including the implementation of a Business Rates Local Discretionary Fund.

The Executive Member for Finance and IT explained that the Council had been allocated a sum of money for the Fund to use over a four year period, details of which were set out in Paragraph 8.6 of the report. These funds would be distributed to local Business Ratepayers in accordance with the approved scheme.

The Executive Member for Finance and IT advised that the Council had asked the Department of Communities and Local Government whether the allocated funding could be spread more evenly over the four year period, but had been told that this would not be permissible.

The Executive Member for Finance and IT commented that all of the Hertfordshire Local Authorities were working on a scheme that would be common across the whole county. The Local Discretionary Fund criteria attached at Appendix A to the report had been agreed by the Hertfordshire Chief Finance Officers and was currently going through the political process at each of the Hertfordshire Authorities. He would shortly be approving the Local Discretionary Scheme for NHDC, details of which would be circulated to Members in due course.

RESOLVED:

- (1) That the high level implications of the proposed National Non-Domestic Rates Local Discretionary Fund be noted; and
- (2) That approval of the final detail of the scheme be delegated to the Strategic Director of Finance, Policy and Governance, in consultation with the Executive Member for Finance and IT.

REASON FOR DECISION: To comply with proposals announced by the Chancellor of the Exchequer in the 2017 Spring Budget; and to provide additional financial assistance to businesses hardest hit by the 2017 revaluation of Non-Domestic property.

The meeting closed at 9.16 pm

Chairman at the meeting on
Tuesday, 25 July 2017

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CABINET

26 SEPTEMBER 2017

*PART 1 – PUBLIC DOCUMENT	AGENDA ITEM No. 6A
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**TITLE OF REPORT: ITEM REFERRED FROM OVERVIEW AND SCRUTINY COMMITTEE:
18 JULY 2017 – TASK AND FINISH GROUP ON THE COUNCIL’S MANAGEMENT OF
LARGER PROJECTS**

The following is an extract from the Draft Minutes of the Overview and Scrutiny Committee meeting held on 18 July 2017.

24. TASK AND FINISH GROUP ON THE COUNCIL’S MANAGEMENT OF LARGER PROJECTS

The Committee considered the revised Task and Finish Group report on the Council’s Management of Larger Projects and the Senior Management Team Comments regarding the recommendations contained in that report, which had been tabled.

Introduction by the Chairman of the Task and Finish Group

Councillor Michael Weeks, Chairman of the Task and Finish Group on the Council’s Management of Larger Projects reminded Members that this Committee had, at the meeting held on 6 June 2017, asked the Task and Finish Group to reconsider some of the recommendation previously presented and that he would limit his comments to those deliberations.

Councillor Weeks stated that he stood by the statement made at the last meeting of this Committee, that he felt that the recommendations made by the Group should not be amended.

The Task and Finish Group as a whole had agreed to change the recommendations in line with the suggestions made by this Committee, despite this he, as Chairman, did not agree with the amendments to recommendations 4 and 9 and would be unable to support them going forward.

He presented each of the Recommendations as detailed below.

Comments of the Senior Management Team

The Strategic Director of Finance, Policy and Governance clarified the process relating to Task and Finish Groups and stated that the comments of the Senior Management Team (SMT) should be considered by this Committee alongside Task and Finish Group Recommendations so that the Scrutiny function was comprehensive and the recommendations to Cabinet were the result of full and detailed consideration of all aspects.

The Strategic Director of Finance, Policy and Governance clarified that the comments were tabled at the meeting because the Senior Management Team did not see the amended report until last week.

Members discussed what value and weight should be given to the comments from the Senior Management Team.

The Chairman advised that, in the past this Committee had taken a decision not to consider the comments of the Senior Management Team however they were submitted to Cabinet along with this Committee’s referral. She had decided that the Committee should trial consideration of these comments to see if they affected or added value to the recommendations submitted to Cabinet.

There was some discussion regarding the SMT comments in that they appeared to be defensive responses that the Council was already doing the things suggested as well as they could, but did not acknowledge that the aim of the Task and Finish Group had not been to level criticism, but to identify a process by which things could be improved and the Council could do better.

The Strategic Director of Finance, Policy and Governance presented the Senior Management comments on each of the Recommendations as detailed below.

Recommendation 1

This recommendation had not been amended and remained as:

“The Council needs to be more decisive about what it wants from larger projects and once it decides, it needs to get on with them.”

SMT supported the position that the Council needed clear and expedient decision making furthermore, they advocated the concept of a ‘design freeze’ or a freeze on project scope in relation to other projects.

Members agreed that this Recommendation be put forward to Cabinet.

Recommendation 2

The Task and Finish Group had agreed with the suggested minor drafting changes to this Recommendation, which now read:

“The Council should not introduce unnecessary complexity into its invitations to tender because it is unclear about its preferred outcome. It should decide what it wants and then invite bidders to tender for it.”

SMT supported the concept that the tender specifications should be made as clear as possible and not unduly complicated. The Council must however ensure that its contractual position was safeguarded and that the full requirements of the project were captured in the specification.

Members agreed that this Recommendation be put forward to Cabinet.

Recommendation 3

This recommendation had not been amended and remained as:

“The Council’s financial information should be comprehensive and presented in the form of accounts so the extent of profits and losses can be easily understood.”

SMT advised that reports regarding project proposals provided appropriate information, in for example business cases, to enable decision makers to take a properly informed decision.

When undertaking a project, the business case drew out the links to the Council’s Corporate Objectives as well as considering the social benefit of the project alongside its monetary cost which required both numerical and narrative explanation.

Local Authority accounts were required to separate Capital and Revenue expenditure and were prepared on an income and expenditure basis rather than profit and loss.

Where impacts were more difficult to assess, these would be incorporated into the Risk Logs which were continually updated throughout the life of the project. The Risk Logs include financial risks and additionally these are often incorporated in the Corporate Business Planning process.

Members commented that the Recommendation was about receiving comprehensive financial information and that this could be by way of a business plan that included financial information and a narrative regarding social and other benefits. It was important that the financial and social benefit information regarding a project was clear, accessible and able to be monitored by Members regularly.

It was suggested that projects should be reviewed after completion to monitor the benefits realised and again after the project had been completed and operational for some time to monitor that those benefits were still being realised.

Members agreed that the wording of this Recommendation be amended as follows and put forward to Cabinet.

“The Council’s financial information should be comprehensive and presented in the form of a business plan so the extent of profits and losses can be easily understood.”

Recommendation 4

The existing Recommendation read:

“When exception reports are produced by project boards, they should be circulated to all members of Council through the Members’ Information Service or by e mail.”

The proposed Recommendation would read:

“When exception reports are produced by project boards, they should be circulated to all members of Council through the Members’ Information Service or by e mail; and, unless they are confidential, made available to the public via the Council’s website.”

Councillor Weeks advised that he did not agree with the proposed amendment to this Recommendation.

He was of the opinion that most exception reports would be confidential, but if those that were not confidential were publicised, this would only serve to engender criticism and comments that would take officer time to address resulting in to slow down the project.

This would then go against the most important of observations made by the Task and Finish Group that, once decided upon, the Council must get on with projects.

SMT advised that the Council operated an Executive model of governance and NHDC’s accepted project management methodology sat within that framework.

Where projects required any decision making that was outside the scope of the project as defined by Council or Cabinet then an exception report was provided to the appropriate committee seeking the necessary authorisation.

Information on project delivery was provided to Members at key points in the progression of projects through MIS.

The Scrutiny Officer advised that not all non-confidential exception reports were considered by the sponsoring Committee and that there was a misconception that because Councillors know about something that meant that the general public also knew about it.

The Strategic Director of Finance, Policy and Governance reassured Member that NHDC did its utmost to ensure that as little as possible was classified as confidential and that everything that could be made public was.

Members debated this Recommendation. Some Members agreed with Councillor Weeks regarding exception reports and stated that the purpose of these was to inform the Project Board and Project Executive so that they could take steps to address the problem, If exception reports were published as a matter of course, this would engender criticism and complaints on something that it was likely had already been addressed. They felt that, if non-confidential exception reports were considered by Cabinet then the documents were already in the public arena.

Other Members commented that the mere fact that an exception report was produced implied that there was a problem and this should be made clear. There was no reason to not subsequently provide an information note detailing how that problem was then overcome. There was a perception that the Council was secretive and making exception reports more accessible could help address these issues.

They acknowledged the risks associated with this Recommendation as detailed by Councillor Weeks.

Upon the vote it was agreed that the following recommendation be presented to Cabinet:

“When exception reports are produced by project boards, they should be circulated to all members of Council through the Members’ Information Service or by e mail; and, unless they are confidential, made available to the public via the Council’s website.”

Recommendation 5

This Recommendation had not been amended and remained as:

“Projects are constrained by the resources that the Council has available. Planning a substantial project on the basis that part of it will be done in a member of staff’s spare time allows no contingency. The Council should ensure that large projects are properly resourced. If adequate resources are not available, the project should not begin until they are.”

SMT agreed that projects needed to be adequately resourced and the Council did this through its project management arrangements and Corporate Business Planning Process.

There were a limited number of projects that could be resourced at any one time and work plans were finely balanced so that additional ad-hoc internal requests for “small projects” or external requirements from Government departments could impact on delivery timescales.

In some instances there could be ‘pinch points’ in terms of delivering a project or other work competing deadlines which meant that a member of staff may work additional hours. Where this occurs this was with the agreement of the member of staff and time off in lieu or overtime may be payable. Where additional/external resources were required these were sourced.

Members agreed that this Recommendation be put forward to Cabinet.

Recommendation 6

This Recommendation had not been amended and remained as:

“The Council needs to have clear, documented objectives before it embarks on projects.”

SMT agreed that the Council prepared a detailed planning brief with extensive public consultation. Project initiation documents captured the objectives of a project.

In relation to the Churchgate Project, it was agreed by Full Council in February 2010 to enter into a contract with Simons for them to bring forward proposals to regenerate the area. The scheme was complex and involved ownership outside the control of the Council and the relocation of the market. Despite extensive efforts Simons were unable to bring forward a viable scheme which met the objectives within the contract period and in January 2013 Full Council declined to extend their contract.

Members commented that the ownership of Churchgate would have been known prior to starting the project and queried the SMT comments in this respect.

The Strategic Director of Finance, Policy and Governance advised that details regarding ownership were known before starting the project and that at the time Hammersmatch had indicated that they would be happy to do a deal with NHDC and/or Simons, however this changed as the project progressed.

Members agreed that this Recommendation be put forward to Cabinet.

Recommendation 7

This Recommendation had not been changed and remained as:

“Large scale projects should have a champion to drive them forwards.”

SMT agreed with this recommendation and advised that there was already a ‘champion’ in the Lead Member and the Project Executive.

Members discussed that not all previous projects with a Lead Member had been successful and that a Champion should drive the project forward not just adds it on as another responsibility.

Members agreed that this Recommendation be put forward to Cabinet.

Recommendation 8

This Recommendation had not been changed and remained as:

“The Council should be more flexible about membership of project boards.”

SMT advised that the Council operated Project Board membership in a flexible way to ensure that there was a balance on ‘inputs’ to the Board whilst keeping Boards to a manageable size.

On the Churchgate Project Board there were four elected Members one of whom was not an Executive Member.

The composition of Project Boards varied between projects and it should be recognised that in an Executive model Council there would be appropriate representation from the Executive on Project Boards.

Members agreed that this Recommendation be put forward to Cabinet.

Recommendation 9

The existing Recommendation read:

“The Council should improve its consultation and engagement with the public.”

The proposed Recommendation would read:

“The Council should ensure there is meaningful consultation with the public prior to it finalising its plans; and make sure it continues to engage with the public throughout the life of the project.”

Councillor Weeks advised that he did not agree with the proposed amendment to this Recommendation.

He was of the opinion that all projects should have a freeze point at which the decision was made and no further changes could be made and that continued engagement with the public could only serve to slow down the project.

This would again go against the most important of observations made by the Task and Finish Group that, once decided upon, the Council must get on with projects.

SMT advised that the Council always strived to undertake meaningful consultation and uses a variety of mechanisms to do so.

It was true that not all consultation was equally successful however the public acceptance of the outcome should not, in itself, be used to measure the success of the consultation.

In respect of Churchgate, the Council sought to use a tried and tested method of public engagement, which Simons had used successfully in other town centre schemes, to gather public opinion leading to development of a scheme for submission to the Local Planning Authority.

Members noted that at the previous meeting of this Committee there had been long discussion regarding how a project could be effectively moved forward whilst ensuring that the public felt that they were part of the process, but not a burden to the process.

The general feeling was that public participation was valuable and helped the Council to be transparent and open, but it had to be acknowledged that consultation would not continue indefinitely although engagement certainly should.

The suggestion that not continuing to engage with the public throughout the life of a project would reduce the level of criticism was clearly incorrect. The Council needed to engage more with people and accept that criticism would likely be part of that engagement.

In terms of the wording of the Recommendation it was generally felt that the original recommendation was woolly and didn't inspire effective engagement.

The proposed wording would improve engagement by making it meaningful and continuing engagement did not mean continually asking what people wanted, but rather keeping them informed of what was and would be happening.

Upon the vote it was agreed that the following recommendation be presented to Cabinet:

"The Council should ensure there is meaningful consultation with the public prior to it finalising its plans; and make sure it continues to engage with the public throughout the life of the project."

Recommendation 10

This Recommendation had been amended to read:

"The Council should be mindful of the disadvantages of the Competitive Dialogue process and think very carefully before using it again in future projects."

SMT advised that whilst the Competitive Dialogue process could have its limitations, there were circumstances where it was the most appropriate method of procurement and the Council should keep all options open.

In respect of the District Council Offices, at the time that this piece of work commenced Full Council considered it to be the most suitable procurement route given all of the circumstances.

Members agreed that this Recommendation be put forward to Cabinet.

Other Issues

In response to comments from Councillor Weeks that he felt that the report of the Task and Finish Group should not be amended by this Committee, the Chairman acknowledged the depth of work undertaken by the Task and Finish Group and clarified that recommendation were ultimately made to Cabinet from this Committee.

In order to recognise the areas of disagreement, namely Recommendations 4 and 9 and to ensure that Cabinet had the benefit of seeing the original and the amended recommendations, Cabinet would receive the Task and Finish Group Report, the comments of the Senior Management Team regarding those recommendations and the Minutes of the meeting held on 6 June 2017 and this meeting.

RECOMMENDED TO CABINET:

(1) That, with the exception of Recommendations 3, 4 and 9, the Recommendations contained in the Task and Finish Group Report on the Council's Management of Larger Projects be supported;

(2) That Recommendation 3 contained in the Task and Finish Group Report on the Council's Management of Larger Projects be amended to read:

"The Council's financial information should be comprehensive and presented in the form of a business plan so the extent of profits and losses can be easily understood."

(3) That Recommendation 4 contained in the Task and Finish Group Report on the Council's Management of Larger Projects be amended to read:

"When exception reports are produced by project boards, they should be circulated to all members of Council through the Members' Information Service or by e mail and, unless they are confidential, made available to the public via the Council's website."

(4) That Recommendation 9 contained in the Task and Finish Group Report on the Council's Management of Larger Projects be amended to read:

"The Council should ensure there is meaningful consultation with the public prior to it finalising its plans; and make sure it continues to engage with the public throughout the life of the project"

REASON FOR DECISION: To enable the Overview and Scrutiny Committee to consider and comment on the Task and Finish Group report on the Council's Management of Larger Projects prior to consideration by Cabinet.

ATTACHMENTS

Attached as annexes to this referral are:

Annex A – the report considered by the Overview and Scrutiny Committee – 18 July 2017.

Annex B – the Task & Finish Group report considered by the Overview and Scrutiny Committee – 18 July 2017.

Annex C – the SMT comments which accompanied the report to Overview and Scrutiny Committee – 18 July 2017.

Annex D – the relevant minute extracts of the meeting of the Overview and Scrutiny Committee held on 6 June 2017, at which the original Task and Finish Group report was discussed.

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OVERVIEW AND SCRUTINY COMMITTEE 18 JULY 2017

PART 1 – PUBLIC DOCUMENT	AGENDA ITEM No.

**TITLE OF REPORT: TASK AND FINISH GROUP REPORT ON THE COUNCIL'S
MANAGEMENT OF LARGER PROJECTS**

REPORT OF THE SCRUTINY OFFICER

EXECUTIVE MEMBER: NOT APPLICABLE

COUNCIL PRIORITY: RESPONSIVE AND EFFICIENT

1. EXECUTIVE SUMMARY

The report of the Task and Finish Group on the Council's Management of Larger Projects is attached for the Committee's consideration.

2. RECOMMENDATIONS

2.1 The Committee is asked to:

- Consider the revised report of the Task and Finish Group and its recommendations at Appendix A;
- Consider the comments of the Senior Management Team at Appendix B;
- Agree the final wording of the recommendations; and
- refer the report to Cabinet for consideration at its meeting on 25 July 2017.

3. REASONS FOR RECOMMENDATIONS

3.1 To enable the Committee and Cabinet to consider the report of the Task and Finish Group.

4. ALTERNATIVE OPTIONS CONSIDERED

4.1 The Task and Finish Group discussed the evidence it heard and reached the conclusions set out in the report.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 There was no formal consultation about the report. Five members of the public took part in the Task and Finish Group and their contributions have been included as part of the evidence.
- 5.2 Four members of the public made presentations on the report to the Committee's meeting on 6 June 2017.

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 The Committee established this Task and Finish Group to consider how the Council manages its larger projects. The Task and Finish Group is obliged to report back to the Committee before the report can be sent to Cabinet.
- 7.2 The Committee considered a previous version of this report at its meeting on 6 June. Four members of the public made presentations to the Committee and the Committee had a number of comments of its own on the recommendations. These can be found in **the minutes** of the Committee's meeting for 6 June which can be found in your bundle of papers for this meeting.
- 7.3 The Committee asked the Task and Finish Group to review its recommendations and report back to the Committee in July. The Task and Finish Group re-considered its report in the light of the comments made at the Committee and as a result changed some of its recommendations. The revised report of the Task and Finish Group is attached at **Appendix A**.
- 7.4 The Committee also agreed to consider the comments of the Senior Management Team (SMT) alongside the report.

8. RELEVANT CONSIDERATIONS

- 8.1 The conclusions and recommendations are in section 1 of the Task and Finish group Report. The Committee is asked to consider and comment on:
- the revised report of the Task and Finish Group which is attached at **Appendix A**;
 - the comments of the Senior Management Team at **Appendix B (NB – to follow)**.
- 8.2 The Scrutiny Officer circulated some suggested changes to the recommendations based on the discussions at the Committee on 6 June 2017. Revisions to three recommendations - recommendations 2,5 and 10 - were agreed by all of the members of the Task and Finish Group. The Chairman Cllr Weeks did not agree with his colleagues that two other recommendations – recommendations 4 and 9 - should be changed.

Changes to Recommendations Agreed by the Task and Finish Group

- 8.3 Recommendations 2, 5 and 10 have been changed to reflect the Committee's discussion. The changes have been made to the report and are shown in bold underlined italics below for clarity and are:
- Minor drafting change (recommendation 2);
 - The need for proper resourcing of projects has been beefed up (recommendation 5);
 - Leaving open the possibility of using the competitive dialogue process in some circumstances (recommendation 10).
- 8.4 **Revised Recommendation 2:** The Council should not introduce unnecessary complexity into its *invitations to* tender because it is unclear about its preferred outcome. It should decide what it wants and then *invite bidders* to tender for it.
- 8.5 **Revised Recommendation 5:** Projects are constrained by the resources that the Council has available. Planning a substantial project on the basis that part of it will be done in a member of staff's spare time allows no contingency. The Council should ensure that large projects are properly resourced. *If adequate resources are not available, the project should not begin until they are.*
- 8.6 **Revised Recommendation 10:** The Council should["not use" is deleted].....*be mindful of the disadvantages of* the Competitive Dialogue process *and think very carefully before using it again* in future projects.

Changes to Recommendations not Unanimously Agreed by Task and Finish Group

- 8.7 The Chairman Cllr Weeks did not agree with his colleagues that recommendations 4 and 9 should be changed and the Task and Finish Group report is unchanged in these respects. The proposed changes are outlined below:
- Exception reports to be available to the public (proposed recommendation 4);
 - More emphasis on public consultation and the need to keep engaged with the public throughout the project (proposed recommendation 9);
- 8.8 The Committee will need to decide on the final wording of these recommendations. The Protocol for Task and Finish Groups says:
- Para 3.1. The scrutiny officer will draft the report on behalf of the members of the task and finish group so they are satisfied the report reflects their views and the evidence given.
 - 3.4.The Committee will consider the report ***and make any changes that it considers appropriate*** (emphasis added).

Recommendation 4

- 8.9 There is disagreement about the proposed change to Recommendation 4 that exception reports should be made available to the public unless they are confidential. The Chairman of the Task and Finish Group believes most reports are likely to be confidential and even if they are not then publishing them would attract criticism of the Council and cause delays. The Committee will need to determine the final wording. The existing and proposed versions are below.
- **Existing Recommendation 4:** When exception reports are produced by project boards, they should be circulated to all members of Council through the Members' Information Service or by e mail.

- **Proposed recommendation 4 (not agreed):** When exception reports are produced by project boards, they should be circulated to all members of Council through the Members' Information Service or by e mail; **and, unless they are confidential, made available to the public via the Council's website.**

Recommendation 9

8.10 There is disagreement about the proposed change to Recommendation 9 that engagement should continue throughout the life of the project. The Chairman of the Task and Finish Group believes consultation should not, as a matter of course, continue throughout a project as it can only lead to delays. The Committee will need to determine the final wording. The existing and proposed versions are below.

- **Existing Recommendation 9:** The Council should improve its consultation and engagement with the public.
- **Proposed Recommendation 9 (not agreed):** The Council should ensure there is meaningful consultation with the public prior to it finalising its plans; and make sure it continues to engage with the public throughout the life of the project.

8.11 The Committee is asked to finalise the recommendations.

8.12 The report will be considered by Cabinet on 25 July 2017.

9. LEGAL IMPLICATIONS

9.1 Section 6.2.7 (u) of the Constitution allows the Committee "to appoint time limited task and finish Topic Groups to undertake detailed scrutiny work report back to the Overview and Scrutiny Committee to make recommendations to the Cabinet."

10. FINANCIAL IMPLICATIONS

10.1 There are no capital, revenue or other financial implications arising directly from this report. Proper resourcing of projects (Recommendation 5) could lead to some extra up front costs but these would likely be offset by avoiding the costs associated with overrunning projects.

11. RISK IMPLICATIONS

11.1 There are no risk implications arising from the report.

12. EQUALITIES IMPLICATIONS

12.1 There are no equalities implications arising from this report.

13. SOCIAL VALUE IMPLICATIONS

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

14. HUMAN RESOURCE IMPLICATIONS

14.1 There will be no impact on staff time as a result of this report.

15. APPENDICES

15.1 Appendix A – Task and Finish Group Report on the Council’s Management of Larger Projects

15.2 Appendix B - Comments of the Senior Management Team - **to follow**.

16. CONTACT OFFICERS

16.1 Brendan Sullivan, Scrutiny Officer, 01462 474612;
Brendan.Sullivan@north-herts.gov.uk

17. BACKGROUND PAPERS

17.1 None.

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**Overview and Scrutiny Committee
Task and Finish Group Report**

THE COUNCIL'S MANAGEMENT OF LARGER PROJECTS

May 2017

Cllr Michael Weeks (Chair)
Cllr Judi Billing
Cllr Steve Jarvis
Cllr Paul Marment
Cllr Gerald Morris

CABINET (26.9.17)

Contents

1. **Conclusions and Recommendations**
2. Project Management in NHDC
3. Churchgate
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5. District Council Offices Refurbishment
6. Hitchin Swimming Centre
7. North Herts Leisure Centre
8. Baldock Town Centre Enhancement
9. Fish Hill Square Royston Enhancement
10. Public Participation
11. Acknowledgements
- Annex 1. Scope

1. CONCLUSIONS AND RECOMMENDATIONS

1.1 The Task and Finish Group's terms of reference were to review the effectiveness of the Council's management of its larger projects; and to suggest improvements for ongoing and future projects. The Group looked at seven projects of different types in a variety of locations. It was also briefed on the Council's project management arrangements.

1.2 This review did not consider the Hitchin Town Hall and Museum Project. This will be the subject of a separate task and finish group once the project is complete.

1.3 Some projects were clearly well managed and successful, namely the Baldock and Royston Town Centre Enhancement Projects and the Herts 7 Building Control Project. Others were successful in some ways but less so in others for the reasons discussed below.

1.4 Despite the Council's best efforts, not every venture may succeed and even those that do may have to travel a bumpy road to do so. There is no doubt that these projects were well intentioned and everyone concerned worked hard to make them a success. Many of the Council's senior officers worked evenings and weekends to make this happen. The suggested improvements below are not a criticism of their efforts, only some constructive pointers for the future.

Baldock Town Centre Enhancement

1.5 This was a very successful project which originated from a time when town centres were a priority for the Council and it had funds available to improve them. The project was managed by Louise Symes and finished on time and within its £3.2 million budget. The scheme was successful in winning the Horticultural Landscape and Amenity Award 2009 under the Category Best Commercial Project.

1.6 There was much to admire about the project. It was very well planned, and the community engagement carried out by the designers BDP was excellent. An unattractive public space was transformed with commercial and community benefits. The materials used were of high quality obviating the need for lots of ongoing maintenance.

1.7 The project met all of its objectives except its desire to enhance the link between Tesco through the Memorial Gardens to the town. The Council had included this as a condition of Tesco's planning application for expanding the store but the scheme was subsequently dropped by Tesco. Although a relatively minor point in this project, the Group considered it was important the Council set objectives that were achievable and avoided those which we're not. This will be referred to again below.

Enhancement of Fish Hill Square in Royston

1.8 This was a similar project in many ways to the Baldock Town Centre Enhancement, albeit on a smaller scale. Once again it was successfully managed by Louise Symes in conjunction with BDP and was completed on time and on budget. It did not cost the Council anything (except officer time) as its initial budget of £450,000 was funded entirely from the Government's Growth Area Fund. Hertfordshire County Council contributed a further £45,000 for additional drainage works to ameliorate the flooding problem in Church Lane.

1.9 Once again the Council and the designers BDP did an excellent job in planning the project and in consulting and engaging with the community. They were creative in getting local school students involved in the design of the sculpture; and engaging with local residents and businesses in the naming the square.

District Council Offices (DCO) Refurbishment

1.10 This project is the latest part of a wider project to rationalise the Council's accommodation. The first phase was vacating Town Lodge in February 2011 with attendant revenue savings of £70,000. The next phase was the Council's purchase of the building itself for £3.6 million in December 2013 which generated a net revenue saving of £128,000 which is a return on investment of 3.5%.

1.11 With the purchase of the DCO complete, the Council needed to progress the next stage of the project. However, there followed a pause between the end of December 2013 through to the summer of 2015 when the Council seemed to be undecided about what to do next and the project lacked leadership. It clearly needed to do some essential maintenance which was outstanding from its time as a lessee but was uncertain whether to do just the bare minimum, or, if more than that, how much more. The project was drifting. The Council had not learnt its lesson from Churchgate and other projects. The longer a project is in the incubation stage and the more it overruns, the more likely it is to suffer from increased costs and other unforeseen problems.

1.12 The Council appointed Howard Crompton, Head of Revenues, Benefits and IT to get the project back on track. Howard has rescued and revitalised the project by first establishing and then clearly setting out the Council's options along with the costs and benefits of each. The Council made its choice but the delays and extra project specifications have added an extra £2.4 million to the budget which now stand at £5.9 million, including contingencies. It is less clear whether the return on investment (around 1.6%) for this phase of the project is adequate, although this has to be considered alongside the other, non financial benefits to the Council.

1.13 There are two lessons here. First, large projects need leaders throughout the entire term of the project to drive them forward, which will be discussed further below. Second, it is important that the Council makes decisions and gets on with implementing them. Construction industry inflation and mission creep can add significantly to allocated budgets. Long delays can result in the Council needing to find significantly more capital than it has planned for.

Recommendation 1: The Council needs to be more decisive about what it wants from larger projects and once it decides, it needs to get on with them.

1.14 The tender exercise gave construction companies the opportunity to bid for the work but ultimately the complexity of the tender package and specialist nature of parts of the renovation meant there were no bidders. This caused a short delay to the work but did allow the Council to employ a local firm which will have many benefits to the local area. While it is inevitable some tenders will be complex, the Council should not include more options in its tenders than are necessary simply because it is unclear about its preferred outcome. Doing so increases the tenderers' costs (which will be reflected in the price) and can dissuade companies from submitting a bid. The group made a similar observation on the Churchgate project.

Recommendation 2: The Council should not introduce unnecessary complexity into its invitations to tender because it is unclear about its preferred outcome. It should decide what it wants and then invite bidders to tender for it.

Hitchin Swimming Centre

1.15 Leisure facilities are one of the Council's successes. This project involved providing multi functional rooms required for classes to meet rising demand and replacing the aging indoor pool changing rooms with a changing village. The Council succeeded in its objective of updating and expanding an existing facility to meet local demand. The final spend was £1.859 million coming in under the final agreed budget of £1.91 million.

1.16 The project's financial and membership benefits were less clear cut, and the Group considered that these may have been overstated. The Group did not believe the increase in membership claimed by the Council could be attributed solely to the project as membership had risen to 2755 even before work began. Membership has continued to rise since the project's completion but it is not clear how much of this is due to the extra capacity and improved facilities as opposed to the growing fitness and gym market.

1.17 The same is true for the financial benefits. The project and the related contract extensions improved the Council's annual payment position with the operator Stevenage Leisure Ltd (SLL) by £163,000 annually. However the Council does not explain that it had a significantly adverse effect on the Council's income from its profit sharing scheme with SLL which was £110,000 in 2013/4, making the overall return on investment much smaller than stated.

1.18 The Council has a tendency to be selective about the financial information it presents and tends to present it as a narrative, with or without supporting tables. It would be better if complex financial information was presented in the form of accounts so that readers can see all of the relevant spending and income associated with projects.

Recommendation 3: The Council's financial information should be comprehensive and presented in the form of accounts so the extent of profits and losses can be easily understood.

North Herts Leisure Centre

1.19 The Council agreed a capital budget of £3.136 million to improve the aging leisure centre in a number of ways including a new teaching pool, a new cafeteria, refurbishment of the sports hall and leisure pool changing rooms and more. There was a good financial case for doing so. Once the facility had been completed the Council would receive an extra £18,398 a month (£220,776 a year) from Stevenage Leisure Ltd which runs the facility on behalf of the Council.

1.20 The project was originally scheduled to finish in April 2016 but is now scheduled to finish in June 2017 due to delays in starting work and unexpected problems during the construction. The delay in opening of 15.5 months has cost the Council £285,000 in lost revenue. Capital costs have overrun by £445,000 to date consisting of £317,300 pre-commencement costs and £128,000 after work started due to unidentified drainage and cabling work.

1.21 The Group heard that projects such as these have milestones and tolerances which are closely monitored by the project manager and the project board, with Cabinet receiving exception reports. It is important that all members of the Council are aware at an early stage if there are problems with projects and it would be useful if exception reports had a wider distribution.

Recommendation 4: When exception reports are produced by project boards, they should be circulated to all members of Council through the Members' Information Service or by e mail.

1.22 There was also an underlying sense that officers' time was stretched between this and other areas of work and that this may have contributed to the delays. Evening and weekend working was a feature of many of the projects seen by the Group. It is not satisfactory for the officer leading a major project in an area outside their main job responsibilities to be required to do in the evenings and at weekends.

Recommendation 5: Projects are constrained by the resources that the Council has available. Planning a substantial project on the basis that part of it will be done in a member of staff's spare time allows no contingency. The Council should ensure that large projects are properly resourced. If adequate resources are not available, the project should not begin until they are.

Herts 7 Building Control Project

1.23 This project was a collaborative arrangement combining the building control departments of NHDC and six other Hertfordshire Councils into a new company. The new arrangement is intended to bring improved services and commercial benefits to the authorities. The review only examined the first phase of the project which was the establishment of the new company.

1.24 This was a successful project managed by Ian Fullstone, Head of Development and Building Control. This project demonstrates that projects can be managed and led in house where the project manager has the knowledge, skills and time to do so. The Group was impressed by the quality of the business case which enabled the Council to take a decision to proceed with a high degree of confidence. The project's management has been particularly impressive given the need to coordinate seven different local authorities and get the agreement of their political leaders.

Churchgate

1.25 The Churchgate project developed from the Council's Hitchin Town Centre Strategy. Like the Baldock and Royston projects, it was conceived in an era when town centres were a priority for the Council. Unlike these projects, it was conceived on a much larger scale with the aim of redeveloping an area of the town centre and bringing significant investment into Hitchin.

1.26 Despite preliminary expenditure of more than £1 million and the best efforts of officers and members alike over many years, it was never realised due to a combination of factors which include bad timing, lack of commercial viability, local opposition and more. While acknowledging that external factors played a central role in the project's demise, there are some areas where the Group considered the Council could have handled the project better.

1.27 First, the Group considered that the Council was never clear about its objectives for Churchgate. The Council produced a planning brief which set out some broad outcomes without giving specifics. It hoped to attract developers who would use their expertise to produce a scheme for them. This was also a feature of the DCO refurbishment project where the Council produced a complex invitation to tender that attracted no bidders.

Recommendation 6: The Council needs to have clear, documented objectives before it embarks on projects.

1.28 Churchgate was a large, complex project which affected many conservation, community and business groups as well as the current lease holder. Such projects need strong leadership in order to drive them forward in the face of the inevitable obstacles which accompany any large scale redevelopment. There was a sense that the Churchgate project lacked both vision and leadership at times, and progressed as a series of bureaucratic exercises conducted by a Council more focused on processes rather than outcomes.

1.29 The Council has limited funds so employing outsiders is not always feasible, nor is it necessary if the right person is available in house. But for projects on this scale a champion, either internal or external, is needed.

Recommendation 7: Large scale projects should have a champion to drive them forwards.

1.30 Project Boards need to have the right mix of skills with an appropriate number of members. The Churchgate Project Board's membership was rather top heavy with senior Cabinet members and it could have benefited from wider, backbench experience.

Recommendation 8: The Council should be more flexible about membership of project boards

1.31 The Churchgate project's progress was slow. It is hard to pinpoint when the preliminary work on the project actually began. Timing and momentum can be important factors in projects. The project's slow progress meant that it missed its best window of opportunity and got caught up in the fallout from the Roanne legal case in 2007 and the economic downturn in 2008. The latter, in particular, reduced its chances of success. As has been pointed out earlier, it is important for the Council to be decisive about what it wants and then get on with it.

1.32 The project was criticised at every stage of the process by the public, conservation groups and other stakeholders. The Council did make genuine efforts at consultation, but officers themselves acknowledged that their efforts had not been successful. Those members of the public who spoke about Churchgate were clear that this was a shortcoming. However, this does not always have to be the case. The Baldock and Royston town centre enhancement projects were both excellent and creative examples of public engagement and consultation by the Council and its designers BDP, and the Council would do well to examine the features of these projects and learn from them.

Recommendation 9: The Council should improve its consultation and engagement with the public.

1.33 The Council's decision to use a confidential competitive dialogue tender process was costly to the Council and developers alike, and fuelled suspicion about the Council's motives. The process' lack of transparency made it unsuitable for a sensitive development like Churchgate. There may be circumstances where the Council might wish to use the process again but before it does so it should ensure the benefits outweigh the disadvantages.

Recommendation 10: The Council should be mindful of the disadvantages of the Competitive Dialogue process and think very carefully before using it again in future projects.

2. PROJECT MANAGEMENT IN NHDC

2.1 Ian Couper, Head of Finance, Performance and Asset Management, explained the basis of the Council's approach to project management.

2.2 The Council used a framework called PRINCE2 (Projects in a Controlled Environment version 2) which was the industry standard. The Council had a number of PRINCE2 qualified officers listed on the intranet to manage projects and were available for advice for those project managers who were not PRINCE2 qualified.

2.3 PRINCE2 was used flexibly depending on the size of the project, with the Council using a simpler version for smaller projects. The aim of the framework was to try and ensure that NHDC makes best use of available project management resources and also is aware of its capacity to deliver projects. Learning from experience is a key component at both the start and end of each project. The framework takes account of the additional complexity that partnership working adds to project management. The six stages of the project management process are set out below.

Stage1: Trigger

2.4 The Project Mandate is a request to provide a solution to a business need. A weighted scoring grid is used to determine categorisation and Includes factors such as the projects' expected costs, timescales, risks, interested parties, proposed project team and contribution to corporate priorities. Projects are categorised as Major, Medium or Small; and this categorisation determines how the project will be managed.

Stage 2: Start up

2.5 The project's personnel are fully determined at this stage. The project roles are:

- **Project Manager** - Responsible for day-to-day delivery and reporting (as appropriate) to Project Board. The allocation of this role will need to reflect experience and capacity.
- **Project Executive** - The Project Executive is ultimately responsible for the project and every project must have one. They 'own' the business case. This person must have appropriate responsibility and ability to make decisions and commit funding. Therefore they will generally be a Head of Service or above. They are appointed by Corporate Board, and could involve a recommendation to Cabinet.
- **The Project Board** provides overall management and direction, as well as making decisions. The Project Executive is involved in determining membership of the Project Board which should contain the skills required for the project and reflect any cross-service involvement. This should include Senior Users and Senior Suppliers.
 - Senior Users - represent the final users of the project. They ensure that the project is planned and delivered so that it delivers quality, functionality and ease of use.
 - Senior Suppliers – are responsible for the quality of the products delivered and represent the interests of those designing, developing, procuring, implementing and operating/maintaining the project products.

2.6 The Project Board is responsible for delivering the Project Mandate. It does this by approving the completion of key project stages, authorising the start of subsequent stages, authorises any major deviations from agreed plans, is responsible for disseminating information about the project and is ultimately responsible for Project Assurance. Councillors may be appointed to a Project Board, subject to agreement by the Leader of the Council, for projects that are high risk or have a high profile, usually in the role of Senior Users.

2.7 Project Assurance is about making sure the project sticks to the Business Case; remains viable and stays within scope; remains focused on the business need; and that the project and its anticipated benefits remain in line with the Council's priorities. It makes sure the right people are involved throughout the life of the project and provides independent assurance to the Project Board on the integrity of the project.

2.8 The Project Board is accountable for it. It can be delegated, but not to the Project Manager. Existing corporate groups can carry out Project Assurance roles, such as the Asset Management Group and Risk Management Group as well as committees and individual officers with PRINCE2 training.

2.9 The Project Manager should review the lessons learned generally and from similar projects. These should then be built in to subsequent documents e.g. the Draft Business Case.

2.10 The Project Brief is made up of the Product Description and Draft Business Case. It draws out the importance of knowing what you want to achieve, considering the balance between benefits and cost/ effort/ risk. It needs to try and be realistic, but this can be very difficult at such an early stage. This is why the ongoing role of the Project Board is important. The Project Board approves the Brief to move it on to the next stage.

Stage 3: Initiation

2.11 The Project Initiation Document is produced at this stage, which seeks approval from the Project Board to commence delivery. The Project Initiation Document is made up of a number of elements set out below.

2.12 The first of these is **understanding the project's communication requirements**. The Project Manager should discuss with the Project Board what information they require, and when; and what information other stakeholders need, and agree content, frequency and method. The aim is to avoid misunderstandings at a later stage. The project categorisation needs to be reflected, especially for small projects where the level of communication should remain proportionate.

2.13 There should be a **Benefits Review Plan**. This is about planning how you will know if the project has been a success. The plan should consider

- Identifying the benefits and relevant objective measures of achievement
- Establishing baseline data, against which it will compare improvements
- Deciding how and when it will measure benefits, including who will be responsible for doing this (usually the customer/user for post-project reviews). It is likely that reviews will fall after the project is complete. It should therefore be separate from the Business Case so that it remains live after completion.

2.14 **Project Tolerances** are necessary in order for the Project Board to manage by exception effectively, it does not want the Project Manager reporting every minor deviation from the Project Plan. Equally, the Project Board does not want the project to overspend or overrun significantly without warning. The margins relating to the size of deviation from the Project Plan that are acceptable without the need for a Project Board decision are known as project tolerances. The two main elements of project tolerance are **cost and time**. In addition, there are a further four elements that may apply to any specific project: benefits, quality, risk and scope. The Project Board should agree relevant tolerance levels at this stage, and may wish to revisit them later on depending on the balance of information they are getting.

2.15 **Change control** covers proposed modifications to a project product's baseline specification. Changes are inevitable during the life of the project. If there is no control over these changes, it greatly reduces the chances of completing the project on schedule and within budget and to the customer's expectations. The Project Board should establish who is responsible for approving or rejecting requests for change during Project Initiation. The level of authority required may vary depending on the nature and scale of the change, as it is important to protect the Project Board from having to make decisions on minor matters and to reduce the need for formal documentation as much as possible. The Project Team should not implement any changes outside of the agreed authorisation regime.

2.16 **Risk** is assessed using the Council's standard risk assessment which is:

- Identification. Thinking through what the risks could be.
- Assessment- the impact that they will have if they were to happen. This can reflect levels of personal injury, reputation, financial loss, service delivery, delays to projects. Categorised as Low, Medium or High.
- Probability- what are the chances that it will happen. From unlikely to happen even once to could happen a number of times. Categorised as Low, Medium or High.

These are combined to map the risk on a risk matrix. If the impact or probability is high, risk mitigation needs to be considered.

Stage 4: Delivery

2.17 There are a number of tools to help ensure the project is on track.

- **Highlight reports**, which will include issues and risk log updates.
- **Exception Report**. If the Project Manager forecasts that any part of the Project Plan will end outside of the agreed tolerance margins, they must produce an Exception Report and present it to the Project Board immediately. The Project Manager should not wait for the project to exceed these tolerances before taking action, but should forecast whether this is going to be the case. This allows the Project Board time to react and potentially prevent or reduce the exception. The Exception Report should detail the problem and its cause, the consequences of the deviation, the options available and provide a recommendation on how to proceed.
- **Project Tolerances** Throughout the life of the project, the Project Board should confirm tolerance levels for individual stages, based on the content of Highlight Reports and as part of its authority to proceed. For larger projects, the Project Manager may wish to negotiate appropriate tolerances for detailed activities with members of the Project Team, based on the margins agreed for the overall project.

2.18 Requests for change are likely to come from entries on the Issues Log. If after conducting an impact analysis, the change needs to be authorised by the Project Board, the Project Manager should complete a Change Control Report. If the Project Manager or a Project Team member is able to authorise the change, the Project Manager should record the decision on the Issues Log and report it to the Project Board as part of the next Highlight Report. The Change Control Report should set out details of the change and request a decision from the Project Board on how to proceed. The Project Manager should subsequently record details of the Project Board decision at the end of the report and summarise these details on the Issues Log, prior to implementation. A good audit trail of decision-making and accountability is vital to successful project management and the Project Manager should ensure that they maintain evidence of the Change Control process.

Stage 5: Closure

2.19 When the project is completed, the Project Executive needs to sign it off the **End Project Report** on behalf of the Project Board and release the Project Team from their responsibilities. This requires the Project Manager to produce an End Project Report, as part of Project Closure, which they present to the Project Board. The End Project Report sets out how the project performed against the original Project Initiation Documentation. It should answer the following questions:

- How effectively were the needs that led to the project understood?
- How effective was the project scope?
- Has the project delivered all required products?
- What benefits have been achieved already?
- What benefits are due to be achieved post implementation?
- How effective was the Project Team's performance?
- How realistic was the original Project Plan, in terms of budget, resources and timescales?
- Did any unexpected risks or opportunities become known during the project?
- What key lessons were learned that might benefit other projects?
- The Project Manager should derive the content of the End Project Report from the various documents that were completed at each stage.

2.20 The Project Manager should retain the completed and signed off End Project Report in the project file. They should also forward a copy to the Performance and Risk Management Team, who will collate this in to a log of unexpected risks and Lessons Learned across all NHDC projects. This is published on the Intranet.

Stage 6: Evaluation

2.21 This happens after the project as may take time to fully see the impact. The Project Manager schedules a Post Implementation Review. The review should use the Benefits Review Plan, which was created for this purpose. The Project Manager should choose a timescale relevant to the project's products and at this time, arrange to meet again with the Project Team, the Project Board and the appropriate end users to review the project. The main purpose is to review the project's products in operational use and identify further Lessons Learned, both of which may be useful for future projects.

3. CHURCHGATE

3.1 Norma Atlay, Strategic Director of Finance, Policy and Governance made a presentation to the Group on the project.

Project Background

3.2 Norma said the Churchgate was a series of related sub-projects consisting of NHDC's Town Centre Strategy for Hitchin; the Council's Planning Brief which was developed as a consequence of that; a procurement exercise; a Development Agreement with Simons; and associated work with Hammersmatch who were the owners of Churchgate.

3.3 Anthony Roche, now the Council's Corporate Legal Manager and Monitoring Officer but then a solicitor, was the Project Manager for the procurement stages. Louise Symes, Strategic Planning and Projects Manager became the project manager once Simons were appointed.

3.4 The history of the Churchgate project was reported in detail to Council in January 2013. The main stages are set out below.

June 79	Council opted not to acquire the head lease of the Churchgate Centre
Nov 86	The Council instigated a review of town centre policies in its Local Plan
July 1993	Local Plan No.2 was adopted identifying that for Biggin Lane, Churchgate, Market, St Mary's and Portmill Lane East car park "an opportunity exists for the development of the whole area ...to provide for mixed retail, commercial and other town centre uses..."
April 2000	Churchgate Area Working Party (CAWP) established
June 2000	"It was agreed that although there was an emphasis on moving quickly they did not want to rush into any agreement too quickly if it proved not to be in the best interests of the townspeople of Hitchin." CAWP
2001	Hammersmatch became the owner of Churchgate

3.5 Norma said it took four years to agree the Hitchin Town Centre Strategy. The draft planning brief included all 5 areas for possible development. Following pressure from local Hitchin Groups, the brief was changed to immediate development of sites A1 to A3 with recognition that sites A4 and A5 would be developed "within the next 15 years"

November 2004	The Hitchin Town Centre Strategy was adopted and this led to a project to develop the planning brief for the area
November 2005	The planning brief for Churchgate development area was adopted. £400k of costs had been incurred by NHDC in its capacity as landlord/owner and planning authority.
December 2006	Hammersmatch queries the viability of only developing sites A1 to A3
2007	Council sought expert external commercial advice from DTZ on Hammersmatch's view
Spring/Summer 2007	Threat from a local developer of judicial review of any Council decision to enter into a transaction with Hammersmatch without an open competition
Sept 2007	Decision to invite prospective developers to submit proposals for the redevelopment of the Churchgate shopping centre and surrounding area

3.6 The Roanne case led to a ruling by the European Court of Justice in 2007 that a deal signed between the municipal council of Roanne and a developer for urban development, as far as the authority's requirements went, was a public works contract and should have followed European public procurement rules.

3.7 The ruling meant the Council's marketing exercise had to be halted and other Councils were similarly affected. The Council sought external legal advice from Eversheds on its procurement options resulting in the Council adopting a competitive dialogue process for Churchgate. This was thought, by the external professional advisers, to be the best method to progress such a complex development as it allowed developers who were the experts in the field to suggest a solution.

3.8 In seeking a developer, the Council set out its key objectives for the project under five headings: quality and design; viability; financial return; commerciality and delivery programme. The Council set high level objectives to allow developers to use their expertise to produce best design for the area.

May 2008	The competitive dialogue process commenced with the publication of the OJEU notice
Feb 2010	The contract awarded to Simons Developments (Recorded vote 31 for, 2 Against, 1 Abstention)
	Costs incurred during the procurement process £588K with the largest elements being Legal property & Procurement advice - £289k Specialist property development advice -£292k
Feb 2010	Future governance arrangements for the project agreed by Council and the Churchgate Project Board; and the Churchgate Liaison Forum established
March 2010	Development Agreement with Simons signed. It required regular updates on financial viability. The first cut off date was 19 th March 2013
June 2010	DTZ produced Post implementation review of procurement process

3.9 In January 2013, Simons requested additional time to produce a proposal. They said the economic climate following the economic downturn between 2008 and 2013 had affected the project's viability and there was a funding gap in the project. Council considered Simons' request and passed a resolution to reject it. In March 2013, the Council sent Simons a letter formally terminating the Development Agreement.

3.10 In July 2013, Hammersmatch made a presentation to Council suggesting that they could deliver a scheme in the short term which could be completed and open for business around Christmas 2015. Council decided to continue its dialogue with Hammersmatch and other interested developers; and await the outcome of the Local Plan before re-considering its approach.

July 2014	Council received a report on discussions with interested parties
July 2015	Hammersmatch granted exclusivity in order to give them confidence to invest resources to progress their ideas for a scheme. Ultimately Hammersmatch concluded their scheme was not viable.
January 2016	Council decides that: <ul style="list-style-type: none"> • work on the Churchgate Project should cease; and • the possibility of acquiring the Churchgate Centre be explored, subject to further consideration of the commercial case for so doing at a future meeting of the Council.

3.11 The TFG had raised a number of issues in advance of the meeting and Norma Atlay addressed these in turn.

Was this project a wise choice?

3.12 Norma questioned whether Churchgate really was a single project. In her view there were a number of different strands combined under the heading of "the Churchgate project":

- Regeneration - the project was more akin to a regeneration scheme in which the Council had a role in what would ultimately become a partner's project.
- Asset Management – this was a development opportunity for which a high level outcome was being sought rather than a project fully specified by the Council.
- Planning brief – the original flexibility in the draft planning brief to cover all areas A1-A5 was curtailed.
- Procurement – Members recognised the need to build flexibility in to the development opportunity following advice from DTZ

Were reports to Members objective?

3.13 Norma said they were. Officers sought to provide the pros and cons of options in an objective manner. They sought independent professional advice as appropriate, bearing in mind the cost of doing so. They endured public criticism for being negative when they sought to provide a context for their comments and advice.

Spending Priorities

3.14 Norma said the key point was that the project was a regeneration opportunity born from the Town Centre Strategy and the then Council priority of Town Centres. It was almost incidental that the Council was the land-owner. It was not designed as a project to generate income for the Council although it did seek to protect the Council's current income, and incidental benefits would have arisen from car parking income, business rates income and new homes bonus.

Staff Time

3.15 Norma said Council projects are factored into officer workloads as part of the service planning process. Officers have to balance the many conflicting demands on their time. The time required may, however, increase where there is significant public and Member interest. The timescale for this project coincided with publicity around Localism Act which meant that a vocal public minority was seeking to change a Council decision.

Interactions with other projects

3.16 Norma said the Council had an ambitious programme which was prioritised against a backdrop of reducing staff resources. Buying in external expertise can help although experts would require management and support from the Council. Officers continually manage time across a range of projects so there was no direct impact on either the Local Plan or the shared services project.

Value for Money

3.17 Norma said the use of experts was subject to a tender exercise. The deal with Simons was based on an external expert's view of what the market required at that stage. The terms offered were consistent with other schemes at that time. The timing of the scheme, which coincided with the banking and funding crisis, was a key consideration.

Accountability

3.18 Norma said clear reporting lines were established at the outset. Delivery against decisions was reported back to Council. Project documentation was available on website with as few redactions as possible. The Churchgate Liaison Forum was established to provide public input into the development of Simons' proposal.

Information and Visibility

3.19 Norma said a flaw of the Competitive Dialogue Procurement process was that it required all discussion leading to the award of contract to be totally confidential. Once those discussions were complete, everything was put in the public domain. The Council needed to have the time and space to discuss things confidentially and then to make decisions. The public sought a level of transparency that would mean that the Council was trying to negotiate with all its cards on the table. There was something of a culture clash between the commercial approach and the usual Council service approach.

Lessons Learned: DTZ Review

3.20 In June 2010, Cabinet received a report from DTZ which had conducted a post implementation review of the procurement process. It concluded:

"The prime objective of the procurement process was to appoint a development partner. Clearly this objective has been met"

"The process was undertaken during unprecedented times in the development market and followed a previous process for the town centre that had to be cancelled due to the infamous "Roanne" ruling. A large number of other projects have either stalled or effectively been "shelved" due to these issues and in that context the award of the contract should be seen in a very positive light as one of very few schemes to reach this point in the current cycle"

Lessons Learned by the Council

3.21 Norma said that the Council had a post-project protocol to review and record the lessons learnt under a number of headings. This had been circulated to the TFG and included:

- Project team continuity and increased knowledge of participants
- Procurement lessons
- Need for policy flexibility to cope with changing external/internal influences
- Reports identifying the options and outcomes
- Taking tough decisions
- Clarity on what the Council defines as a “Council Project”
- Development of a policy to manage internal conflicts of interest

Discussion

3.22 Members said that secrecy was one of the main criticisms directed at the Council. Cllr Steve Jarvis said the competitive dialogue process with its confidentiality requirements was not an appropriate one for a local authority and officers acknowledged this disadvantage. Anthony Roche said the Council took external expert legal and development advice in 2008 and that the competitive dialogue process was recommended as the most suitable one for the circumstances. In practice it was costly, time-consuming, proved unpopular with developers and its confidentiality was unpopular with the public. With hindsight, the Council probably wouldn't use it again. By 2011 the same external experts were giving different advice as to the process to use for such opportunities and the Council hasn't used the competitive dialogue process since.

3.23 Cllr Jarvis said it was not clear what the Council was ever trying to achieve with the Churchgate project. There was not a clear enough set of objectives. The brief set out the broad outcomes without giving specifics, which would be expensive for bidders. The Council could have decided what it wanted and then tendered for it.

3.24 Anthony Roche said the Council could have been either more or less prescriptive about its requirements. He said the planning brief was so tightly drawn it provided little flexibility. Other options had been explored such as a joint venture and the Council reaching its own view of what was needed. This could have included selling the land. Anthony said there were many points when different decisions could have been made which might have led to different outcomes. This is of course viewed with the benefit of hindsight, as the decisions were taken by Members with the best of intentions at the time.

3.25 The planning brief was in some ways too specific and sought too many things such as a walkway by the River Hiz, car parking and other things which would be costly to implement without necessarily generating much income.

3.26 In terms of the cost of the process the Council checked that Simons was still giving value for money throughout the process. There was also another bidder deep in the process. Cllr Jarvis said this second bidder must have doubted whether the project was viable. He said the Council could have put the project on hold for a year or so to decrease costs.

3.27 Anthony Roche said that the downturn was very severe after the banking crisis hit. The Council had already spent £588,000 on external advice and other necessary preliminary work. These costs were inflated by a longer than expected competitive dialogue process which lasted 20 months instead of 12 months. This increased the costs of external advisors. The bidders sought to minimise their costs which meant that Eversheds ended up doing most of the drafting of agreements which the Council ultimately paid for. The second bidder did not leave the process over viability concerns. The bidders, and the Council's professional advisers, viewed positives in planning developments during a downturn which could then be delivered as the economy improved. The issue was the downturn was more severe and lasted longer than anyone predicted.

3.28 Cllr Judi Billing asked whether the decision to keep going was affected by involvement of Councillors at the project board or working party level. The working party was, in effect, the whole of Hitchin Committee. There was a danger that Members represented the views of their area not necessarily that of the Council as a whole. Anthony said the decision to award a contract was a political one (meaning one made by Councillors) and was made nearly unanimously by full Council.

3.29 Asked about his prior experience of project management, Anthony said this had been his first project and he had learnt a great deal from it. Louise Symes said she had been involved in the project since 2000 in the development of the planning briefs. She had also been involved in delivering the Baldock and Royston town centre enhancement projects. She was PRINCE2 trained and had experience in a different range of projects. Norma said she was involved in the town centre strategy work from the finance and asset management perspectives.

3.30 Anthony said he worked alongside DTZ who also had a Project Management function. The DTZ role was liaising with the developers and running the competitive dialogue. His role was coordinating activities and making sure that things happened. He monitored things on a daily basis to ensure compliance with the procurement requirements and to keep the project moving forward. This was possible because he didn't have an active caseload as a lawyer, having only just joined the Council at the time. Norma Atlay said she made a deliberate decision to use Anthony on the project because there was an opportunity to develop expertise in this area in the legal team and she was conscious of the Council shortage of expertise in this area. Anthony said he had spent more than 1,000 hours on the competitive dialogue process saving a considerable amount in external fees and other expenses.

3.31 Cllr Jarvis asked who decided if changes to the project plan were outside the project board's remit and asked about the process for deciding who should go back to Council if things went wrong. Norma said the Development Agreement set out the Council's requirements and it had milestones which the Council and its partner were managing against.

3.32 Cllr Jarvis said members didn't find out about the problems with Churchgate until late in the day. He asked when the Council needed to report exceptions. Anthony Roche said in future this might be an area the Council need to define better at the outset. Louise Symes said the risk log identified the risks.

3.33 The Scrutiny Officer Brendan Sullivan said there had been a task and finish group on project boards a few years previously which recommended that the Overview and Scrutiny Committee receive exception reports. Cabinet had rejected the recommendation. Norma said that was because Cabinet and Council already received exception reports and there was no need to change this arrangement and add in an extra layer of reporting.

3.34 Anthony Roche said there had been a DTZ review of the procurement process. Members said it would have had more value if it had been conducted later on. Anthony said the Council had been criticised weekly for its handling of Churchgate and this had generated a lot of work for officers. In 2013 there were lots of press comments and criticism of the Council. Norma Atlay was mentioned in Private Eye and Anthony had been threatened with being reported to the Law Society. Simons held an exhibition as a means of engagement with the local community. Anthony said that of those who attended, there were more people against the project than in favour of it. The Council was conscious of community feeling.

3.35 Anthony said the Council had decided to deliver its town centre strategy. If Churchgate was being developed by private developer, they would still have to contend with this sort of environment. Cllr Gerald Morris said a private developer would make sure one person would be entrusted with the responsibility of the project, the budget, selling the project to the community and sticking to the timetable. The Council's over-reliance on systems seemed to deliver results by accident.

3.36 Officers noted that the approach the Council decided to take, in appointing a development partner, was that the developer had this lead role to deliver a development

3.37 Cllr Judi Billing said the Council should have been responsible for driving every aspect of the project instead of leaving it to external consultants to come up with a detailed proposal. The Council set up control points but still didn't have full control of the project or personnel. The planning briefs restricted creativity and prevented people from putting forward imaginative solutions, making it more difficult to find the best way forward. The Council didn't have the expertise for this type of project on this scale. There was friction with the local community.

3.38 Cllr Billing said the Council needed to show better leadership. She said the Council was a political organisation and the political leadership determines its success or failure. 20 years ago people were wary about changes to car parking in Hitchin Market Place but the governing Conservative group implemented those changes under the leadership of Geoff Woods and made it a success.

3.39 Norma said that members gave the policy direction at a time when town centres were a Council priority. It was not clear at the time which type of scheme had the greatest chance of success. Cllr Jarvis said the Council need to be clearer when things weren't going to work and call a halt to them much faster. Cllr Morris said if the project was not completed by 2008 before the crash, the Council should have halted the scheme. Anthony said a small scheme might have succeeded, but the adopted planning process was not flexible enough.

3.40 Norma said the scheme was not designed to generate income for the Council. It was meant to regenerate Hitchin town centre and bring in more than £50 million of investment to Hitchin. The Council also wanted to protect its existing income streams. In terms of staff time Norma said lots of staff time have been spent on the project but staff were accustomed to juggling their work priorities. Cllr Morris said a scheme of this size needed a proper project manager. Every large development has difficulties, but the difference is that successful ones have a champion driving them. Norma said employing an outside project manager was a luxury and the Council instead chose to identify a dedicated team of staff.

3.41 Members said there had been a lot of publicity about localism. When negotiations are confidential, how does the council report on them; and balance the need for confidentiality with the need for transparency and accountability? Anthony said the Churchgate Liaison Forum didn't work as intended. Simons met with local representatives and it turned into a public meeting with lots of heckling. It was set up with the best of intentions although it didn't work well for the Churchgate Project.

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3.42 Members said the Council needed a way to explain the process to the community. Some people don't trust the council. Cllr Billing asked why there was so little trust between the Council and some people in Hitchin. Cllr Morris said this was a general problem with local government. As for the lessons learnt, Norma said the Council had gained a lot of knowledge, particularly the small group of officers who were involved in the project.

3.43 In terms of project management capacity, Norma said the Council conducted a maximum of four major projects at any one time, along with a number of smaller ones. Members questioned whether this was still viable for an organisation of this size with its current level of resources.

3.44 As for lessons learnt, the Council now had an internal Conflict of Interest Policy. This would cover situations like, for example, when the Council needed planning advice from its planning department but a project might also need a planning decision from the same department.

4. HERTS 7 BUILDING CONTROL PROJECT

4.1 Ian Fullstone, Head of Development and Building Control spoke to the briefing which had been circulated only to members of the Task and Finish Group as it contained confidential material of a commercially sensitive nature.

4.2 Ian said that building control was a statutory function for local authorities which had been opened up to private sector competition since the mid 1990s. Local authority building control departments could only operate fully within their administrative boundaries. Competition from the private sector on service delivery was around their ability to work Countrywide with no administrative boundaries, the private sector was also able to offer better pay and reward packages making recruitment and retention of local authority staff very difficult. Neither was competition on a level playing field as private operators were not required to publish their fee structure and could therefore offer their service by undercutting a council's published fees, anecdotal evidence suggested this would be by about 10%.

4.3 The key points of building control services in Hertfordshire were:

- The majority of Hertfordshire's Building Control Services were are run at a cost to their General Funds;
- As a result of recruitment and retention problems Councils find it difficult to market their services and attract commercial clients and are struggling to maintain their client base in competition with private operators;
- It was becoming increasingly difficult to recruit and maintain qualified and experienced staff. Most Hertfordshire authorities had small, ageing building control teams which lacked resilience;
- It was increasingly difficult to run services effectively with current resources and overheads;
- Despite their difficulties, Hertfordshire's local authority building control was still attracting a healthy fee income and were trusted by their local population.

4.4 Ian said he was the Project Manager for the Herts 7 Building Control Project. This was a collaborative arrangement involving seven councils: NHDC, Stevenage, Welwyn Hatfield, Broxbourne, Three Rivers, East Hertfordshire and Hertsmere.

4.5 The project was first considered by the Chief Executives Group in 2013, progressed with East of England Local Government Association support in 2014, to a point where in August 2016, NHDC's staff were transferred to the new company.

4.6 The new arrangement for delivering building control services was made up of three wholly owned local authority companies limited by shares. Each authority has an equal share and equal voting rights through shareholder representatives, directors and contract managers. The companies are:

- Broste Rivers Ltd which is the parent holding company;
- Broste Rivers LA7 Ltd, now trading as Hertfordshire Building Control, which will undertake the not for profit statutory building control work on behalf of the 7 LAs. This includes fee earning (application based) and non-fee earning (dangerous structures, demolitions etc.) work;
- Broste Rivers H7 Ltd, to be known as Rapport will undertake commercial (for profit) building control related functions within and outside of the administrative boundary of the 7 LAs.

4.7 The potential service benefits from the collaborative arrangement were identified as:

- Improved service resilience;
- Improved economy, efficiency and effectiveness;
- Improved customer service;
- Increased ability to retain, develop and recruit staff and thus improve service quality;
- Provision of a broader service offer to customers.

4.8 The potential commercial benefits of collaboration were:

- Councils using existing skills and expertise to access new fee earning work in both new and existing areas to increase financial benefits;
- Collective investment in enabling technologies and business development capacity which would not be possible on an individual basis;
- The opportunity to stem the long term decline of building control services and share the resulting efficiency gains; and for H7 to trade commercially and return profits to local authorities who were the share holders.

4.9 The Company's staff will initially be based in two hubs: one in Hertsmere, the other in Welwyn Garden City. Two hubs were chosen as a result of staff feedback. Most support staff were local, tended to be lower paid and travelling long distances to work would not have been easy for them. The specialist support services e.g. payroll, legal, IT etc. for the company would initially be provided by individual local authorities. After two years of operation, the company can review the position and choose different providers if it wishes to.

4.10 Hertfordshire Building Control would employ around 37 staff, and Ian was one of the company directors. A managing director would be appointed who will be recruited through an outside recruitment agency. Since the T&F Group the MD has been appointed and the new company is migrating the seven building control databases onto its new single IT system, this is expected to be completed by May 2017.

4.11 Councillor Morris asked whether the company could go bust and Ian said theoretically it could if there was insufficient funds in its accounts. However, the business model identified significant growth opportunities and the seven local authorities had undertaken too provide a loan to enable the company to start up.. If the company was wound up, given the statutory duty the staff would return to their parent local authorities.

4.12 As for the other options, the council could have shared its building control service with another authority or tried to carry on alone, but these would not have overcome the over-arching resilience issues. The collaboration had been a very challenging process. Ian had written the business plan which was accepted by all seven councils with only a few questions on the financial model from the group accountants. All seven councils adopted the business plan, and the Project Board was supported by an external consultant. The project board was made up of the seven chief executives or their deputies along with a representative from the East of England LGA.

4.13 The project had led to Ian working evenings and weekends. At the same time the day job needed to continue. While officers were best placed to start the process, they needed the time and capacity to do so. Ian said that the project could have gone ahead with only 4 or 5 local authorities and been completed faster but it was decided by the Project Board to spend longer to ensure all 7 went forward. There had been some interruption to the continuity of the project for example when there were Executive Member changes at Welwyn Hatfield District Council which meant that parts of the process had to be revisited.

4.14 As for his experience running projects, Ian said NHDC's Building Control Service was already commercially orientated due to the private sector competition and Local Authority building control work having to secure sufficient work to break even at the end of the year. Asked about problems, Ian said that there were seven local authorities with their own staff, each had their own personal and professional concerns that needed to be considered as part of the TUPE process. For some staff if they were local to the existing offices the challenges were practical concerns like picking up children. For other staff it was concerns around a new way of working, some staff though saw this as an opportunity to access new areas of work and develop themselves.

4.15 The seven Hertfordshire authorities were the first to form a company limited by shares to undertake the building control function. Whilst expert legal advice was engaged, it was appropriate for officers with experience of building control to get the project off the ground.

4.16 Asked about whether Council should employ professional project managers, Ian said that in his opinion NHDC officers had the necessary expertise to begin projects such as this with the necessary expert advice sought as required. Steve Jarvis asked whether the seven were clear about the objectives, as each authority had its own priority which might be more resilience, more income or something else. Ian said that each authority had entered into the partnership for its own reasons but they would work to common objectives, this was all identified within the business plan.

4.17 As for doing anything differently, Ian said he wouldn't work weekends and evenings. He would find a way of doing the project while delegating more of the day job. He also said staff engagement could have been handled better. The council should have been more proactive with staff by giving them key messages much earlier.

4.18 Members said the project had been completed comparatively quickly, especially given the involvement of so many councils. There had been consultation with the public, but perhaps more would have been desirable in an ideal world. The quality of business case meant the Council could take a decision and stick to it, rather than the project proceeding through a series of small decisions and increments.

5. DISTRICT COUNCIL OFFICES (DCO) REFURBISHMENT PROJECT

5.1 Howard Crompton, the Head of Revenues, Benefits and IT said he had been in local government for more than 40 years. In 1988 he managed a major housing benefit change when all claims had to be recalculated using completely new rules. In 1989 there was more change with the implementation of the Community Charge and three years later, the Council Tax. Then there were all the welfare benefit changes that have taken place over the intervening years. In those days there was no such thing as PRINCE2, although projects were managed in a similar way with good will and good planning.

5.2 Howard said he was registered as a PRINCE2 practitioner in 2005. He first used it in an IT infrastructure change, working in a collaborative partnership with the supplier to change the way customers accessed services. In 2010 he became the project manager for the rationalisation of Council accommodation which required promoting home working to allow the Council to vacate Town Lodge. This brought the beginnings of a change in culture and working practices at the Council with more home working and hot desking. This part of the project was delivered on time and on budget although it had all been done on a shoestring and relied on great cooperation from all staff. The Council saved £70,000 moving from Town Lodge. When the lease on Town Lodge expires there will be more savings because NHDC will no longer have to make the building weather tight, pay insurance and other fixed costs. As for the DCO, the Council had a full repairing lease on it so it would have had to spend a significant amount bringing it up to standard even if it hadn't purchased it.

5.3 The main features and milestones were:

- 15/12/2009 Cabinet sets up a Project Board to firstly move all staff to the DCO from Town Lodge and then develop and implement a longer term plan for Office Accommodation
- Project Team began work in February 2010
- Required culture change to implement more home working
- Virtually no budget – had to be funded from existing budgets
- Lease extended from December 2011 to December 2016
- Town Lodge vacated February 2011 – Revenue saving £70K
- Andy Cavanagh took over as Project Manager for phase 2
- December 2013 Council agrees to purchase DCO

5.4 There have been changes to the designs leading up to an open tender process in the summer of 2016. However no bids had been submitted probably due to the complexity of the tender, which contained a number of options. The council then decided use a Scape framework agreement. Howard became involved again in March 2016 after Andy Cavanagh, the previous project manager had left. The Scape framework agreement promotes the use of local contractors as much as possible which has many benefits for the local economy. Willmott Dixon is the principal contractor.

5.5 The key milestones for the next phase were:

- December 2013 DCO purchased
- 2014 – Design phase Stevenage Borough Council (SBC) appointed as architects
- Planning Permission granted August 2015
- Planning and other enhancements included in the spec
- Summer 2016 - Open tender
- July 2016 Council agrees scope and budget
- July 2016 Decision taken to go with SCAPE Framework Agreement

5.6 The DCO was classified as a major project because it scored maximum points on the scoring matrix. Howard summarised the main features of the scheme and this can be found in the background papers. The project was being managed using Prince 2 methodology, but applied sensibly and proportionately. Howard said it was more cost effective for officers to manage the project rather than hire outsiders. They understood the organisation, and knew how to unlock problems.

5.7 The Project Executive is the Strategic Director Norma Atlay. The Senior User is the Executive Member for Finance and IT, Cllr Terry Hone. The Project Manager had been the Head of Finance, Performance & Asset Management, Andy Cavanagh until his departure, but was now Howard Crompton. The Project Board and Project Team were in place. The trigger, start up and initiation stages had been completed, and the project was now in the delivery stage.

State of Play in October 2016

5.8 The project was now at the delivery stage. Following the Council meeting on 14 July 2016, there was now clarity about the scheme to be implemented and the budget the Council needed to deliver it. On 20 July 2016, the Project Board decided to enter into a SCAPE Framework Agreement.

5.9 Local contractors were being used, so money would filter back into the local economy. There was an open book process to ensure value for money. The decant of staff to Town Lodge would take place over five weekends beginning on 5/6 November. The contractors Willmott Dixon had completed the Feasibility Study. Willmott Dixon and NHDC had held a workshop to determine the exact requirements of the project. Willmott Dixon were tendering work packages at the moment (as at October 2016).

Future Work and timescales

5.10 Howard said NHDC, Willmott Dixon and the suppliers would meet from November to January to agree prices within the allocated budget. Willmott Dixon would begin surveys and other preparatory work in early December. Strip out contractors would remove asbestos starting in January. The final price for the project would be agreed by end of January, and construction work would begin by March, and last for 35 weeks construction. The estimated return date to the DCO was November 2017.

Culture change

5.11 Howard said the construction work was only one challenge. The refurbishment would require a significant culture change to enable a successful move to Town Lodge, with more home working and hot desking. It would take a good deal of co-operation from staff to make it happen. Further cultural changes would be needed when staff returned to the DCO, with fewer offices available and a more open plan work space, with informal break out areas. Staff would need to have more discipline around room bookings, clear desks and more; and there was an expectation of sharing the DCO with other organisations.

5.12 Once complete, the project would provide a modern, multi-functional building which would provide a wider range of services to the public, secure the value of the building as an asset, provide an income stream for the Council, secure Letchworth as a civic centre for the future and be a comfortable place to work in and visit, in a building providing some civic pride.

Discussion

5.13 Howard said that Stevenage Borough Council were the Architects who had done the original design which went for planning permission. NHDC's planners wanted things added so the building had a more civic feel, and there had been a number of staff suggestions which were good and reasonable and so were included. When the Council went out to open tender it didn't have the authority to spend all the money required, and the tenders were very complex. There was a possible base scheme: and there were other options which might or might not be included. The package was unacceptable to contractors due to its complexity. It would have been a messy contract, with most contractors preferring to build a new building. Howard said replacing the curtain walling was difficult and there were now very few suppliers. Willmott Dixon will sub-contract the work and will remain in overall charge of the project. Howard said the budget was fixed, and the project had a 35 week timescale.

5.14 Cllr Jarvis said the Council had taken a long time to decide on the final project and there seemed to have been considerable mission creep. He asked about the difficulty in progressing it after the purchase of the DCO had been completed. Howard said it was difficult to comment as he hadn't been involved at the time. He wasn't sure how much pressure there was at the time but with hindsight it would have been better for the Council to have had a projected end date in mind. There was a pause in progress between the end of December 2013 through to the summer of 2015. When asked about whether the business case was up to date Howard said when he needed to update it he submitted a revised business case to the project board for approval. Asked about the visibility of project boards and transparency, Howard said there had been a number of reports to Cabinet and Council.

5.15 Cllr Ian Albert, substituting for Cllr Judi Billing, said that Willmott Dixon had worked on a school in Hitchin and had done a good job. Howard said the Council's own building surveyors were heavily involved. The Council also had other expertise like planning and building control involved. There was a Gantt chart produced by the surveyors and Willmott Dixon had done the same thing for the construction phase. Howard said the reality of being a senior officer in a small District Council was that you didn't work a 37 hour week. If the council employed a project manager at the cost £100,000 there would be £100,000 less to spend on construction. Furthermore the council already had the expertise to do the project in house.

5.16 The group asked whether the project would be successfully concluded on time. The Council was a small organisation with little backup and little resilience, and a lot depending on individuals. Outside help was very expensive. Howard said inside knowledge was sufficient. The Council's senior officers had the authority and knowledge to unblock problems with projects.

5.17 Cllr Jarvis asked how the projected benefits and culture change was planned. Howard said he would run a series of exercises to make people aware. Staff would also have a taste of the new arrangements when they moved to Town Lodge where there would be less space available and more hot desking. Asked how the council would manage people in Town Lodge and keep them motivated, Howard said conditions were less than perfect but he was pushing the advantages of flexible working. Furthermore many staff liked and valued it. Howard had some staff who lived miles away and home working suited them, and it also enabled them to work around their children's needs. The turnover of staff was not high in the Council.

5.18 Howard said the open tender stage was transparent and everyone had had the opportunity to bid for the contract, but it had ultimately resulted in a month's delay. He confirmed that the council have been indemnified by Willmott Dixon for errors and problems with the construction. This didn't guarantee that contractors won't go bust. As for lessons learnt or things done differently, Howard said he was very fortunate with the people we have here. We will move back into a nice a working environment, and staff had been very cooperative. A specific timetable would be helpful for the middle stage of the project.

Update since the meeting:

5.19 On 17 February, Howard reported that the final contract with Willmott Dixon Construction (WDC) was signed and so now WDC can proceed and place all the orders for the components and all the ancillary equipment required to start the construction phase of the project, which is due to begin on Monday 6 March 2017. Because the amount of asbestos in the building which had to be removed and was more than originally thought, a further month has been added to the duration of the contract and so the end date is now 30 January 2018 and this date is now firmly set in the contract.

5.20 The contract value was £5,386,777.33 plus an additional £246,605.77 for the removal of the asbestos, making a total of **£5,633,383**. There have been are some minor changes to the scheme but it will still deliver what the Council expected.

6. THE HITCHIN SWIMMING CENTRE PROJECT

6.1 Vaughan Watson, Head of Leisure and Environmental Service said the council ran two outdoor pools, both at a financial loss. One of the Council's policies was to invest to save by spending to reduce operating costs. Investment in leisure facilities had proved effective in reducing running costs and /or boosting income for the Council. Since the development of Archers Gym in 2000, the demand for classes, in particular from women has increased substantially and outstripped the available supply. At the same time, although membership had achieved by 1,600 members, there was a risk term that competitors would enter the market and have a negative impact on Archers.

6.2 In February 2012, Council approved a feasibility study to expand and refurbish the centre. An architect and quantity surveyor were appointed to look at the design and costs of providing the multi functional rooms required for classes and the replacement of the aging indoor pool changing rooms with a changing village. The Swim Centre had traditional changing rooms, but the trend was towards a changing village which gave users more space and more flexible for families.

6.3 Stevenage Leisure Ltd (SLL), which operates the centre on behalf of NHDC, commissioned a study to determine latent demand of approximately 1,000 extra customers of this catchment area.

6.4 SLL put forward a proposal to NHDC that they would be willing to fund between £720,000 and £1.1 million of a project to develop multi functional room at Archers provided the contracts for Royston and Hitchin were extended to 2024. This was reported and agreed by Cabinet in March 2013.

6.5 As a result, SLL agreed to make an additional payment of £163,000 per annum starting from April 2014 for a period of ten years providing a total of over £1.63m pounds to the general fund. The reported final outturn for the development of the multi functional rooms was £1.035m, showing a financial surplus of about £600,000 over the ten years for the original capital cost.

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6.6 The Council also provided as part of the works a new indoor changing village and air conditioning that cost a further £810,000. The agreed Capital programme was £1.910m and the final spend came in under budget at £1.859m.

6.7 In 2016 memberships have risen to an all time high of 3,230 members, well exceeding the extra 1,000 member projected. This year there will be profit share that will assist in current and future projects.

6.8 The project had suffered a 10 week delay because of drainage issues, but this was not a major problem. The only part of the project which hasn't gone well was a collapsed drain. They had also been temporary changing facilities which was inconvenient for customers; and the air conditioning for Archers was old and needs replacing.

6.9 Cllr Steve Jarvis said the review was looking at the process of managing projects, including financial objectives and how well the process worked. He asked whether there was a formal review process for financial and other benefits. There seemed to be a lack of formality about this information. Vaughan said the Council had regular meetings with the contractor and received the profit and loss statement. The Council monitored the Centre's performance against the revised business case.

6.10 Cllr Jarvis asked which increases were a result of the project as opposed to the general growth in the leisure market. Vaughan said there were too many factors to untangle to answer that question.

6.11 Judi Billing asked about improvements to car parking at the Swim Centre. The current proposal to build at Butt's Close should have been part of the Swim Centre Project. She asked what the process was for making suggestions and giving feedback. Steve Crowley, the Council's Contracts & Projects Manager said there had been a consultation which would have explored car parking. The Council had introduced a £1 charge to stop commuters and other people parking at the Centre and then walking into town. The charges had now increased in the town centre causing a problem for the swim centre. Asked about SLL's management of the facility, Steve Crowley confirmed there was monitoring of electronic tills and audited accounts.

6.12 Vaughan said he wouldn't do anything different on the project. The Centre was very popular, but there was an issue with car parking. Judi Billing said the demographics in Hitchin were changing with more families and flats and more commuters, and she asked whether this was taken into account.

Follow Up

6.13 After the meeting, there was correspondence from Mr Bernard Eddleston, a member of the public who attended the meeting, and the TFG. He asked that his points be taken into account. His correspondence with the Council is set out below.

Mr Eddleston's Initial e mail

6.14 Unfortunately I was not allowed to raise questions on the projects being reviewed last night. I am afraid some inaccurate figures were presented and the full picture was not presented on the Hitchin Archers fitness studios.

- i. Under a FOI request and published on the NHDC website the number of members of Archers at the end of 2012 is stated by NHDC as 2509. Thus the increase in members since then is only 700 (current figure quoted as 3230) and certainly hasn't doubled. The 1,000 increase expected has not occurred.
- ii. The presentation of the return on the investment takes no account of the effect of the agreement on SSL/NHDC of the profit sharing scheme. During 2012/3 the share of profits coming to NHDC was £142,000 and in 2013/4 it was £110,000 (again established by a FOI request on NHDC website) Because of the effect of the renegotiated arrangement with SSL after the studios were completed the profit share coming to NHDC dropped to zero in 2014/5 and 2015/6 although there may be a small element in 2016/17.
- iii. So the improvement in the finances is not the £163,000 presented but only about £53,000 per annum (since the profit share has gone from £110,000 to zero.) Thus over the 10 years NHDC will only recover about £530,000 not the £1,63 million stated, a shortfall of about £1.0M. Not quite the success claimed.
- iv. Although the initial capital cost was about £1.1M, there was to be return on capital of 6% so the amount to be recovered is £1.465M. This was omitted from the report. However since the public were not able to ask questions I'm afraid these facts did not emerge which might have changed the nature of the discussion. Please take the above into account, Regards, Bernard Eddleston

Response from Steve Crowley, NHDC

6.15 I would like to thank Mr Eddleston for his contribution at the meeting last night. With regards to the further questions that he has raised, I have provided a response to these:-

- i. Mr Eddleston is correct that as of December 2012 the membership for Archer was 2509 however, the latent demand estimated was completed in January 2012 which demonstrated a total demand for Hitchin Swimming Centre for fitness of 2,981. This was based on the membership that at the time of the report being written was 1,950, therefore leaving a latent demand of 1031. Prior to the work commencing on site the membership had grown to 2755, by February 2015 memberships had increased to 3005 and as of December 2016 the total membership was 3,230, therefore, significantly above the projected latent demand for this facility. The December membership is 8% above the business case projections.
- ii. Mr Eddleston is correct about the profit share figure, however, the return on investment is regarding the change in the leisure management fee and not the profit share. As of 2013/14 the Council paid SLL £110,877 for operating the Hitchin Contract, following the completion to the capital project SLL paid the Council £35,670 (2014/15) a variation in the contract of £146,547 per annum. At the same time the Council negotiated an increase payment for the Royston Contract, as of 2013/14 SLL paid the Council £28,26 for this contract, as of 2014/15 SLL increased their payment to the Council to £44,952, an increase of £16,687. Therefore, £146,547 + £16,687 = £163,234 increased annual payment by SLL to the Council for these contracts, this is

- iii. an income to the Council of £1,632,340 over the remaining ten years of the contract from 2014/15. The profit share is a totally different item and was not part of the business case.
- iv. I hope this provide a satisfactory response to the questions that Mr Eddleston has raised. Regards, Steve Crowley, Contracts & Projects Manager

Further email from Mr Eddleston

6.16 Thank you for the response to my comments from Steve Crowley which reinforces points made in my presentation quite clearly. I do not want to enter into an extended debate but I must respond to Steve's reply to demonstrate this.

- i. Membership of Archers. It is clear from the figures that the majority of the increase in membership was obtained before the extension to Archers was even begun and if one projected those increases going forward one would have reached the current figure of 3,230 in any case. Therefore one cannot in truth attribute any of the increase in membership to the extension but just a growing fitness and gym market. Just draw yourself a simple graph.
- ii. The response just confirms my view that projects are not looked at from a real business perspective or examined thoroughly before they are agreed. The effect on the profit share is integral to the business case and is not a totally different item. It is no good saying that SSL are going to improve the nett payment situation by £163,000 on the one hand without taking into account the fact that by doing so you are reducing the profit share to NHDC from £110,000 to zero on the other hand. It was evident that by decreasing SSL income (or increasing costs however one wants to present it) by £163,000 the profit would disappear. The effect on the Council is then not £163,000 improvement but only £53,000 and nett income to the Council over the 10 year period will be only £530,000 a shortfall of nearly £1M. This was evident at the time this scheme was being proposed and was pointed out to some Councillors who took no notice. Regards, Bernard Eddleston

- 6.17 Commenting on the exchange, Cllr Gerald Morris made the following observations:
- In reading the emails back and forth it seems to me that depending on who is looking at the financial information, one can come up with different answers.
 - NHDC's leisure facilities are a large part of the council's activities involving substantial sums of money. As such, I think they should be treated as if they were a subsidiary company which is part of a large organisation.
 - It would be clearer and less ambiguous if the figures were presented in an accounts form rather than as a narrative. Similarly because of the size of money involved they should also be independently audited.
 - These accounts could be accompanied by a narrative which may well expand upon particular aspects of the facilities performance, as is normal practice.
 - By presenting the performance of our leisure centres in an accounts form, there would be little room for misinterpretation or ambiguity.
 - I also understand that our leisure facilities are a public service and we can take a view as to whether they should make a financial contribution or not. By presenting figures in the way I have suggested we would at least know clearly the position we are in.

7. NORTH HERTS LEISURE CENTRE (NHLC) PROJECT

7.1 Vaughan Watson said the NHLC had been built in the mid 1980's and was now over 30 years old. It had been very popular and well supported since it was built. Given the success of Hitchin Swim Centre project, the Council had been looking for more invest to save opportunities. SLL had a waiting list of 700 people for swimming lessons which could not be met by NHLC's current facilities. As well as the financial benefits of the project there were also social benefits. Given the centre's age, the Council's options were:

- do nothing
- Demolish and replace the Leisure Centre
- invest in the existing facility and extend its current life

Of these the least risky and most sustainable option was to invest in the existing facility.

7.2 A capital budget was agreed to improve the Centre including:

- A new teaching pool;
- A new cafeteria;
- replacement offices;
- conversion of the old cafeteria to a multi functional room;
- refurbishment of the sports hall including flooring and lighting;
- refurbishment of the leisure pool changing rooms;
- Plant room improvements; and
- Improvements to car parking.

7.3 As well as a much improved facility for the public, the Council would receive an extra **£18,398** a month (**£220,776** a year) from SLL once the facility had been completed. This was originally scheduled to be April 2016 and was now scheduled to be June 2017.

7.4 Cllr Gerald Morris asked whether the Council took account of asset depreciation when calculating its profit and Vaughan said it did not.

7.5 There had been a number of delays to the project. The initial delay of 7.5 months before work began were due to having to secure further funding of £317,000 of capital from Council with £138,000 of income lost as a result. There were then further negotiations with the main contractor, resulting in further delays of 5.5 months and further costs funded from contingencies before work started on site, resulting in a loss of £101,000 of potential income. The initial tender was substantially over budget and the Council pursued a value engineering exercise in order to bring the costs down. This exercise was necessary but time consuming as it involves careful consideration of amendments to design and build in order to reduce cost without any material impact on the usability of the completed works.

7.6 Since work began on site further issues with cabling and drains were identified that resulted in a further 10 week delay on the overall programme costing an extra £127,000 in capital funding and resulting in the loss of £46,000 of expected income.

7.7 The total revenue implications associated with delays in opening the teaching pool is the loss of contractual savings on the Letchworth Leisure Contract, which equates to £18,398 per month. The delay in opening of 15.5 months has resulted in a loss of **£285,000** in expected income.

7.8 The increase in capital costs on the project are £317,300 of additional capital funds agreed by Council before work began and £128,000 after work started due to drains and cabling work not identified prior to commencement of contract, a total of **£445,000**. Cllr Gerald Morris said the normal contingency for such projects was 10%. An estimate is only an estimate, not a quotation.

CABINET (26.9.17)

7.9 Cllr Judi Billing asked if the Council had any data on loss of clientele. Vaughan said there was a loyal customer base and most of them were tolerant of the works provided the Council kept them informed. Males were more disadvantaged than females by the works. Steve Crowley said the Council didn't have data but overall usage for all leisure facilities was up.. Judi Billing said she was not sure communication was great and as a user she wasn't always sure what was going on. A notice board in reception has been dedicated for the project providing updates on key items.

7.10 Cllr Steve Jarvis questioned the use of value engineering and asked whether it saved anything if the cost of it was more than the possible savings available. Steve Crowley said this went to Project Board and then to Cabinet. Steve Jarvis said it was possible to follow a process but not get the desired result. Steve Crowley said the Council invested in project management training and any changes were considered against the business case. Vaughan said the Council was saving a million pounds a year on leisure contracts compared to a few years ago. Steve Jarvis said the Council could have saved more if it had been built on time.

7.11 Cllr Michael Weeks said this was a good example of partnership working but there was not enough parking at the Leisure Centre. Vaughan Watson said the Letchworth Garden City Heritage Foundation lead on parking matters as they owned the land and the rugby club had done the work.

7.12 Steve Crowley said the Council had adopted a design and build model at Royston Leisure Centre; and undertaken a traditional build at the other leisure centres and decided that a design and build was more suitable for the NHLC project They used a quantity surveyor to determine the budget. As for lessons learnt, Vaughan Watson said it was important that Council delivered projects without too much procrastination. It had more limited resources which meant it needed to manage the risk properly.

7.13 Cllr Steve Jarvis asked if the project included officer time in terms of cost and capacity. Vaughan said time allocations were done over a one year period. Working evenings and weekends was normal for senior officers. The project was still within the revised revenue budget and capital budget.

8. BALDOCK TOWN CENTRE ENHANCEMENT SCHEME

8.1 Louise Symes, Strategic Planning and Projects Manager at NHDC, explained that the Project had been approved by the Cabinet and Full Council in January 2006 with the adoption of the Baldock Town Centre Strategy. Its primary objective was: *'To maintain, regenerate and develop an attractive, safe, accessible, vibrant and lively town centre, based on its historic context, for the local community and visitors to work, live and relax'*.

8.2 A budget was set aside to enhance Baldock town centre. Following completion of the Baldock bypass in March 2006 and the resulting reduction in through traffic, there was an opportunity to improve the physical environment of the town centre. The project ran for 2½ years. In February 2007 BDP were appointed to design the scheme and supervise it through to completion. In 2008 Skanska was appointed as the contractor to undertake the work which was completed in April 2009.

- 8.3 The objectives of the scheme were to provide:
- a high quality, attractive and robust scheme in terms of design and materials;
 - a scheme that improved safety within the town;
 - a scheme that benefited all users in terms of function and accessibility;
 - a scheme that created a lively setting for the town centre.

Issues

8.4 Louise said that addressing a number of issues was key to the success of the scheme:

- **Parking and traffic** – rationalisation of car parking in the town centre, reducing traffic speed and flows in the town. As a result Herts County Council (HCC) was an integral partner in the design of the scheme. A parking strategy was prepared for the town centre and surrounding residential streets.
- **The market** – creating a dual purpose space for the market to be used for other events and parking at other times.
- **Green and public space** - creating a pedestrian friendly area, suitable for events and activities, which Baldock town centre lacked. Engaging with Baldock's councillors, the Baldock Society, the Baldock Fair, market traders, local businesses and residents in the process was important for their views on how the space could be used.
- **Street furniture** – needed to be robust, sustainable and removable for the annual Fair along the High Street and Whitehorse Street.
- **Tesco** – linking the major supermarket into the town centre through the memorial gardens.

Project Management

8.5 A partnership agreement was signed between NHDC and HCC which set out the financial terms and risks for the project, the duties and responsibilities of both partners, the project's principles and the decision making process.

8.6 A Project Board was set up which was responsible for driving forward the project and had powers to make all decisions relating to the project other than those in the remit of Cabinet or Council. The Project Board comprised:

- NHDC's Head of Planning and Building Control, David Scholes
- NHDC's Strategic Director of Financial & Regulatory Services, Norma Atlay
- A local Baldock District Councillor, Andrew Young
- HCC's Head of Transport, Programme & Standards, Mike Younghusband
- A core officer team with officers from NHDC and HCC and the design consultants as required.

8.7 The Core Officer Team reported regularly to the Project Board and had the responsibility to put into effect the decisions of the Project Board. The core team were responsible for day to day project management, preparing risk register and budget control.

8.8 Baldock and District Committee was consulted on all decisions about design and materials, including the extent of the scheme, choice of materials, consultation strategy, preliminary design for consultation and final design.

Budget and Cost

8.9 The initial budget was £2.8 million made up of £2 million from NHDC and £800,000 from HCC. HCC subsequently increased its contribution by £400k to include modification of the Clothall Road and Whitehorse Street junction which also included a design and build of the western gateway with traffic signals at the Weston Way junction. This brought the total cost of the project to **£3.2 million**.

8.10 Of the £3.2million, £1million spent on preliminary investigation, design fees, project management, parking and traffic management and £2.2m on construction. The scheme was completed within budget and on-time.

Before & After

8.11 The scheme was formally opened on 13 June 2009 with a special event in the town centre. The scheme won the Horticultural Landscape and Amenity Award 2009 for the Best Commercial Project.

8.12 Before the scheme, the town centre was dominated by parking, deliveries and through traffic. After, the space along High Street and Whitehorse Street was made more pedestrian friendly with the creation of a new public open space for the market and other events, areas of green space to enhance the environment, a more efficient parking layout and improved traffic flows. The town centre now enjoys a number of events, a café culture, fewer retail vacancies and an improved visitor experience.

Lessons learned

- 8.13 The positive features of the project included:
- the importance of a design freeze in securing Project Board agreement and also agreement by the Baldock & District committee;
 - having member continuity on the Project Board;
 - working within an agreed budget at the outset;
 - having a dedicated team working on the project;
 - appointing designers who had extensive experience in public engagement; and
 - undertaking extensive pre-consultation to understand issues, consulting on scheme design, keeping the public informed regularly throughout the project, and requiring the contractor to appoint a public relations agent to work with businesses.

Handover to HCC & On-going Maintenance

8.14 The scheme was handed over to HCC in January 2013 for future maintenance following completion of all outstanding snagging works. An agreed maintenance and management guide was prepared clearly setting out HCC's and NHDC's responsibilities.

Discussion

8.15 Members said the scheme compared favourably to other town centre refurbishments in North Hertfordshire and most people seemed to like it. There seemed to have been a lot of public participation.

8.16 When asked about public dissatisfaction or opposition, Louise said some people didn't like change and were concerned about the length of the construction period, in particular business owners. The scheme had created a café culture in Baldock where none had previously existed.

8.17 Members doubted whether the re-modelling of the Whitehorse Street Junction had been completely effective. Despite the existence of the bypass, the Whitehorse Junction remains a shortcut road used by many motorists. Louise said traffic flow and congestion is a HCC issue, but NHDC has discussed a number of options with HCC including night limits, banning HGVs and better signage to divert traffic.

8.18 Mention was made about the quality of the materials used. Louise said one reason for using robust materials was to accommodate the Baldock Fair and the need for removable posts and materials that could withstand heavy loads, hence the choice of granite. York stone had been chosen as a design feature to delineate the footways in front of the buildings. The designers and contractors had emphasized that the sub-base on which the scheme was built needed proper attention to withstand heavy loads and traffic movements across forecourts. The street furniture was deliberately low maintenance.

8.19 Public consultation and time spent on this had been quite expensive and resource intensive but it had needed to be as there were so many different interests involved including visitors, businesses, residents and others. It had taken a good deal of consultation to understand the issues and really listen to local businesses and residents. BDP was a very good company who had good PR skills, design and construction management experience. Consultation about parking arrangements had been particularly important. Baldock was the only town centre in North Herts with residents' permits, although these were only issued to those with no access to on street parking.

8.20 When asked about writing a brief for the tender, Louise said there been an extensive brief drafted in conjunction with HCC. The scheme was in two parts. The first was a design scheme which involved extensive surveying and preparing the tender papers for the construction phase. BDP were not the cheapest company but their PR expertise was very important for consultation. The second phase was construction which involved another full tender process. The total budget was £3.2 million of which £1 million was on non construction related activities.

8.21 Louise said the scheme needed a lot of essential preliminary work before the construction drawings could be prepared such as the extensive surveys on Baldock's many cellars, parking arrangements and traffic flows. There was also a drainage survey and other preparatory work, along with the cost of a clerk of works on-site along with health and safety officers required to monitor the construction phase of the work.

8.22 Members queried the evidence for the cafe culture. Louise said there was now a wider trend of this taking place as Baldock previously had very narrow payments with cars parking right up the front of shops. The council created the right environment which has enabled the café culture to develop. Louise said more people in Baldock had started refurbishing their own buildings as a result of the improvements in the Baldock town centre.

8.23 Asked about transferable skills and lessons learnt, Louise said the Council was very clear about its aims and objectives for the enhancement of Baldock town centre. There was an advantage in taking a decision and sticking to it. This was particularly in relation to the design freeze on the scheme. It had also taken place in different economic circumstances when councils had the money to enhance their town centres.

8.24 Members said the scheme had been a success. There were some issues and some opposition, particularly about car parking. Louise said the proposal to enhance the link between Tesco and the Memorial Gardens had not worked. Tesco had submitted a planning application for expanding the store and one of the conditions was a better link from Tesco to the town centre but the application had been withdrawn so this element had not proceeded.

CABINET (26.9.17)

8.25 Steve Jarvis asked how the Council could make sure it set objectives that were achievable and avoid those which were not. The appeal of Tesco to visitors was very different to that of Baldock town centre. Louise noted the point and agreed that although the intention had been to open up the street scene and create stronger links between the town centre and Tesco, this may not have worked as one cannot predict people's habits. . The area of the High Street near the Memorial Gardens was still being used well during the year with a motorcycle festival, a music festival and more taking place.

8.26 Robin Dartington, a resident of Hitchin, considered that the scheme had been a success. It was an enhancement scheme which sought to improve things which were already there. It was different and less disruptive from the kind of redevelopment scheme proposed for Churchgate. Refurbishment involves removal of existing structures with nothing in between until the new development was built. He said BDP was an inspired choice. Indeed he had appointed BDP many years ago in one of his projects. It was a broad based company with many skills.

9. ENHANCEMENT OF FISH HILL SQUARE, ROYSTON

9.1 Louise Symes explained that the Project was approved by the Cabinet and Full Council in June 2008 with the adoption of the Royston Town Centre Strategy. The Strategy identified Fish Hill Square as a key opportunity site and recommended its enhancement.

9.2 The project ran for 18 months. BDP was commissioned in April 2010 following a full tender process to prepare a design for the enhancement of Fish Hill Square and supervise the works through to completion. Maylim Ltd was appointed in 2011 as the contractor to undertake the work which took 3 months to complete and was carried out from July to September 2011.

9.3 The objectives of the scheme were:

- to produce a well-designed, high quality enhancement scheme for Fish Hill Square that enhanced and promoted its historic character and best met the aspirations of the local community in design and implementation; and
- to provide a catalyst for future development within the town centre. An enhanced square should attract new uses and create a new public square to act as a focal point for the town centre.

Issues

9.4 It was clear from the start that addressing a number of issues was key to the success of the scheme:

- **Flooding** - Addressing the drainage problem that resulted in periodic flooding of the lower section of Fish Hill and Market Hill during periods of very heavy rain. As a result HCC was an integral partner in the design of the scheme.
- **Parking** - Car parking in the square needed rationalising as part of the overall reorganisation of town centre parking.
- **Public Space** - Creating a pedestrian friendly area, suitable for events and activities, which Royston town centre lacked. This meant engaging with Royston Town Council, the town centre manager, local businesses and residents for their views on how the space could be used.

Project Management

9.5 NHDC led on the project and worked in partnership with HCC as the highways authority. A Project Board was set up and was responsible for delivering the Project and it had the powers to make all the decisions relating to the Project. Its membership was:

- NHDC's Strategic Director of Planning, Housing and Enterprise, David Scholes;
- A local Royston District Councillor, Fiona Hill;
- NHDC's Regional and Strategic Developments Manager, John Ironside;
- NHDC's Group Accountant for Planning Services;
- A core officer team led by Louise Symes with officers from NHDC and HCC and the design consultants as required.

9.6 The core officer team reported regularly to the Project Board and had the responsibility to put into effect the decisions of the Project Board. The core team was responsible for day to day project management, preparing the risk register and budget control.

9.7 Royston and District Committee was consulted on all decisions including the extent of the scheme, the choice of materials, the consultation strategy, preliminary designs for consultation and the final design.

Cost & Budget

9.8 This was a much smaller scheme than the Baldock one, with a total budget of £450,000 funded from Central Government's Growth Area Fund. HCC contributed a further £45,000 for the planned drainage works to ameliorate the flooding problem in Church Lane bringing the total budget to **£495,000**. The Scheme was completed on time and within budget.

9.9 The scheme was handed over to HCC in October 2013 for future maintenance following completion of all outstanding snagging works. An agreed maintenance and management guide was prepared clearly setting out HCC's and NHDC's responsibilities.

Before & After

9.10 The scheme was formally opened on 19 November 2011 with a special event in the square.

9.11 The area at the northern end of Market Hill and Fish Hill was dominated by parking, deliveries and access for vehicles. Following completion of the works the space is predominately for pedestrians and for activities and events, with the parking and access controlled and resulting in a more efficient use of the space. The number of retail vacancies around the square has decreased and the square is used for small events.

9.12 The Council involved local school students in the design of the sculpture; and involved local residents and businesses in naming the square. Both were important for ownership of the square and its community use.

Lessons learned

9.13 Positive aspects of the scheme were:

- the importance of a design freeze in securing Project Board agreement and also agreement by the Royston & District Area Committee;;
- member continuity on the Project Board;
- working with a limited budget and achieving value in terms of impact and design;
- Having a team dedicated to the project;
- Appointing designers who had extensive experience in public engagement;
- Undertaking extensive pre-consultation to understand issues, consulting on scheme design and keeping the public informed regularly throughout the project;
- gaining local ownership of scheme

Discussion

9.14 Louise said the Royston project was similar to Baldock one but on a smaller scale. Royston town centre is rather disjointed and the project was about linking pieces of open space. Fish Hill Square was very quiet and the project aimed to stimulate business activity. The Council originally wanted to pedestrianise the whole area but the complete loss of car parking was unacceptable to the people who needed access to Church Lane and other residential areas. As a result, a small area was pedestrianised with the rest left open to parking. There were no vacant commercial units in this area since the scheme was completed.

9.15 The project was undertaken in two stages, design followed by construction work, and both went well. An extensive consultation exercise took place with businesses, the Town Council, town centre manager and local residents. The project management was led by NHDC.

9.16 The council and BDP involved the local Meridian School art class by asking them to take part in a competition to design a sculpture feature for the new square, with the prize winner spending a day at BDP. There was also a scheme regarding naming of the square. There was a lot of local ownership in the scheme which has meant the area has not suffered from graffiti and vandalism to date. With some further promotional work it might be possible to increase the use of the area. Once again the Council opted for the use of robust and durable materials. It also produced its own maintenance manual which sets out the responsibilities of NHDC and HCC. The Scheme was completed on time and on budget, even though it was a very restricted budget.

9.17 Cllr Morris said it was an unpretentious scheme which improved an awkward part of the town and he had not had any complaints about it. Louise confirmed that a third of the budget had been spent on design fees and preparation, as in Baldock. There were occasional events in the middle of town, but because the area not been fully pedestrianised it was not used as much as originally hoped.

9.18 Members asked why the Council did not use BDP as its designers on more schemes. Louise said they had been appointed to work on the Bancroft Gardens scheme in Hitchin. There was a suggestion they might be used to look at an enhancement (as opposed to a redevelopment) of Churchgate. Louise said they were good firm who had worked on many mixed use developments, and had won other contracts in Hertfordshire on the back of their successes in Baldock and Royston.

9.19 Cllr Jarvis said that even if the Council could not always afford to use BDP, it would be useful to understand how BDP went about things, particularly on public input. As for the lessons learned, the council had expertise but not necessarily the time to dedicate sufficient officer resource to a significant number of projects.

10. PUBLIC PARTICIPATION

Colin Dunham

10.1 Mr Dunham attended the Overview and Scrutiny Committee on 13 December 2016. The Committee referred his comments to the Task and Finish Group and these were considered at its meeting on 10 January 2017,

10.2 With the Council striving to become more business like, Government cuts etc, now is the time for large projects of the future to have safeguards.

10.3 Senior Officers should have time logged to oversee major projects, most firms have systems ie computer based.

10.4 Before the Council approves any large projects, except statutory ones, the Project Team Leader should inform the Portfolio Holder of estimated officer hours, time scales and ancillary costs such as outside advice so that the whole project could be properly costed. Cabinet would then make a decision whether it should go ahead or not.

10.5 The Risk Officer should produce reports for the Project Team Leader on a weekly basis so that the Project Leader and Portfolio Holder can make a decision to carry on, provide more staff or stop projects as needed.

10.6 At the end of the project, or when a project is stopped, final figures should be produced in order to keep Members informed and the true costs of projects should be subject to the scrutiny of the Overview and Scrutiny Committee and the public, with questions asked such as "was the project value for money, were the relevant skills available from the start of the project", with the aim of either praising the work done and/or learning lessons.

Bernard Eddleston

10.7 I would like to put on record level public participation in the workings of this group has been effectively non-existent despite the Council's own protocol on task and finish groups. Task and finish groups can only be effective if they allow full public participation with the opportunity for the public to question officers. This current task and finish group is not scrutinise existing projects in depth. One can only learn lessons for the future by thoroughly examining past projects.

10.8 This is compounded by limiting this public participation to 3 minutes which is totally inadequate. Despite the above I will this down some areas that need attention and the limited information.

Pre-contract

10.9 Budgets are nearly always too low since no account is made of when the work is to be carried out. I.e. no allowance is made for inflation. Budget process to be improved and account taken of likely inflation costs.

CABINET (26.9.17)

10.10 But it should include the amount of time costs (including overheads) allocated to the project from pre-contract worked right through to contract completion. This would give the real cost of the project and also make it easier to prioritise which project should go ahead.

10.11 No proper public consultation before a scheme project is decided. Fast most of the public consider the consultation is a waste of time because the Council has already decided what it wants to do and consultation is limited and designed to confirm the predetermined outcome.

10.12 Business case is not robust enough and not enough scrutiny or questioning by councillors. Seems to more or less rubber stamped everything. Examples are so-called invest to save projects and Council office building project.

10.13 No overall strategy apparent for capital spending.

Contract award

10.14 Specifications of what is required and detailed surveys of work to be done is not thorough enough resulting in an unexpected costs and thus delays and increases in costs. Need to hold consultants, architects and surveyors to account. I.e. why wasn't the damp in the town Hall and other works sorted out beforehand, unexpected work on North Herts leisure centre and asbestos in the office refurbishment project not known about and not catered for in the contracts?

10.15 Timescales need to be adhered to with penalty clauses for late delivery. Avoid framework contracts which are a recipe for disaster.

10.16 Investigate potential contractors more thoroughly (two recent contractors have gone into liquidation during or immediately after the contract.

10.17 Rigourously ensure that officers are not too close to contractors.

Internal management

10.18 Senior management and project inadequate and project managers not held to account. The Council has overspent by several millions on recent projects. An extensive delays and yet no one is to blame!

10.19 Officer time does not appear to be charged to its projects. Nearly all businesses do it as a matter of course. This would identify to councillors how much project is really costing and help senior management in their management of critical resources.

10.20 The size of the Council is such that they are not the experience project managers in place. Need to consider hiring in a project manager on contract for some major projects.

10.21 Major project boards contain too many officers and councillors. Need at least two independent external members on the board so that objectivity is maintained and their experience could help deliver the project on time and budget.

10.22 The effects the current poor management is threefold. Firstly it allows contractors to claim additional costs and delays due to council failings. Second the Council offices are engaged on managing the project for a lot longer than was expected which gives rise to increased internal project costs. Third because officers are engaged longer they cannot work on other projects and activities which delays these activities and leads to yet further cost increases.

10.23 Senior management and Cabinet do not seem to manage resources at all well and are not looking at the big picture. Thus all the time and effort has been spent in recent weeks on play areas to try and save a few thousand pounds when the North Herts leisure centre project has slipped again with a total loss of revenue now at £285,000 and a further cost increase of £127,000.

Mike Clarke

10.24 Mr Clark, a resident of Hitchin said he had found the Churchgate briefing very frustrating. Particularly in regard to the information that the Churchgate liaison forum which would not meet again. In future the Council would meet in private. Lots of people had spent a lot of time on the forum. Why was this not a good idea? We should look at the past to think about the future. He would have liked the papers earlier so there was more time to consider them.

Chris Parker

10.25 Mr Parker a resident of Hitchin who represented Keep Hitchin Special, said there was a lot of ill-feeling about some projects which have been managed for example Hitchin Town Hall. Hitchin Town Hall was advertised as a fitness centre in competition with Archers.

Robin Dartington

10.26 Mr Dartington attended the TFG meeting on 20 February and his comments on the Baldock Town Centre Enhancement Project have been recorded with that item.

Discussion

10.27 Members agreed the council have been lacking in communication with the public. Cllr Judi Billing said the liaison forum had been problematic. There were different ways of doing public consultation. Cllr Steve Jarvis said the scrutiny committee should look at how the Council consults with the public and whether it meets the public's expectations. Members agreed the council have been lacking in communication with the public. There were different ways of doing public consultation. Judi Billing said scrutiny in the council need to be mainstreamed. Bernard Eddleston said some external input would have been helpful to the Council in managing projects.

11. ACKNOWLEDGEMENTS

11.1 The Task and Finish Group would like to thank all those who have taken part.

NHDC Staff

Ian Couper	Head of Finance, Performance and Asset Management
Norma Atlay	Strategic Director of Finance, Policy and Governance
Anthony Roche	Corporate Legal Manager and Monitoring Officer
Louise Symes	Strategic Planning and Projects Manager
Ian Fullstone	Head of Development and Building Control
Howard Crompton	Head of Revenues, Benefits and IT
Vaughan Watson	Head of Leisure and Environmental Service
Steve Crowley	Contracts & Projects Manager

Members of the Public

Colin Dunham
Bernard Eddleston
Mike Clarke
Chris Parker
Robin Dartington

**North Hertfordshire District Council
Overview and Scrutiny Committee Task and Finish Group**

The Council's Management of Larger Projects

SCOPE

Terms of reference

To review the effectiveness of the Council's management of its larger projects
To suggest improvements for ongoing and future projects

Timeframe

3-4 months beginning July 2016
Report to Overview and Scrutiny Committee Dec 2016

Link with Council Objectives

Attractive and Thriving
Protect and Prosper
Responsive and Efficient

Key Questions

What is a larger project?
How are projects chosen?
Are the Council's projects delivered on time, on budget and to the required standard?
How well do the Council's project management arrangements work?
How well has the Council's communication arrangements with members and the public worked?
Is responsibility for projects clearly defined?

Key Projects

Churchgate	Baldock & Royston Town Centre
Hitchin Swim Centre	Enhancements
North Herts Leisure Centre Extension	Herts Building Control Consortium
Office Accommodation	

Potential Witnesses and Community Engagement

Lead Officers for each project
Community groups - to be decided by project
Others to be confirmed

Green Issues

Nothing obvious

Briefing arrangements

Briefings by Project Officers
Remaining briefing arrangements to be decided

Membership

Cllr Michael Weeks (Chair)
Cllr Judi Billing
Cllr Steve Jarvis
Cllr Paul Marment
Cllr Gerald Morris

Portfolio Holder - To be confirmed

Support Officer - Brendan Sullivan, Scrutiny Officer
Lead Officer – David Scholes, Chief Executive

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1. CONCLUSIONS AND RECOMMENDATIONS

1.1 The Task and Finish Group's terms of reference were to review the effectiveness of the Council's management of its larger projects; and to suggest improvements for ongoing and future projects. The Group looked at seven projects of different types in a variety of locations. It was also briefed on the Council's project management arrangements.

1.2 This review did not consider the Hitchin Town Hall and Museum Project. This will be the subject of a separate task and finish group once the project is complete.

1.3 Some projects were clearly well managed and successful, namely the Baldock and Royston Town Centre Enhancement Projects and the Herts 7 Building Control Project. Others were successful in some ways but less so in others for the reasons discussed below.

1.4 Despite the Council's best efforts, not every venture may succeed and even those that do may have to travel a bumpy road to do so. There is no doubt that these projects were well intentioned and everyone concerned worked hard to make them a success. Many of the Council's senior officers worked evenings and weekends to make this happen. The suggested improvements below are not a criticism of their efforts, only some constructive pointers for the future.

Baldock Town Centre Enhancement

1.5 This was a very successful project which originated from a time when town centres were a priority for the Council and it had funds available to improve them. The project was managed by Louise Symes in conjunction with Herts County Council and BDP and finished on time and within its £3.2 million budget. The scheme was successful in winning the Horticultural Landscape and Amenity Award 2009 under the Category Best Commercial Project.

1.6 There was much to admire about the project. It was very well planned, and the community engagement carried out by the designers BDP was excellent. An unattractive public space was transformed with commercial and community benefits. The materials used were of high quality obviating the need for lots of ongoing maintenance.

1.7 The project met all of its objectives except its desire to enhance the link between Tesco through the Memorial Gardens to the town. The Council had included this as a condition of Tesco's planning application for expanding the store but the scheme was subsequently dropped by Tesco. Although a relatively minor point in this project, the Group considered it was important the Council set objectives that were achievable and avoided those which we're not. This will be referred to again below.

Enhancement of Fish Hill Square in Royston

1.8 This was a similar project in many ways to the Baldock Town Centre Enhancement, albeit on a smaller scale. Once again it was successfully managed by Louise Symes in conjunction with BDP and was completed on time and on budget. It did not cost the Council anything (except officer time) as its initial budget of £450,000 was funded entirely from the Government's Growth Area Fund. Hertfordshire County Council contributed a further £45,000 for additional drainage works to ameliorate the flooding problem in Church Lane.

SMT COMMENTS ON RECOMMENDATIONS

1.9 Once again the Council and the designers BDP did an excellent job in planning the project and in consulting and engaging with the community. They were creative in getting local school students involved in the design of the sculpture; and engaging with local residents and businesses in the naming the square.

District Council Offices (DCO) Refurbishment

1.10 This project is the latest part of a wider project to rationalise the Council's accommodation. The first phase was vacating Town Lodge in February 2011 with attendant revenue savings of £70,000. The next phase was the Council's purchase of the building itself for £3.6 million in December 2013 which generated a net revenue saving of £128,000 which is a return on investment of 3.5%.

1.11 With the purchase of the DCO complete, the Council needed to progress the next stage of the project. However, there followed a pause between the end of December 2013 through to the summer of 2015 when the Council seemed to be undecided about what to do next and the project lacked leadership. It clearly needed to do some essential maintenance which was outstanding from its time as a lessee but was uncertain whether to do just the bare minimum, or, if more than that, how much more. The project was drifting. The Council had not learnt its lesson from Churchgate and other projects. The longer a project is in the incubation stage and the more it overruns, the more likely it is to suffer from increased costs and other unforeseen problems.

1.12 The Council appointed Howard Crompton, Head of Revenues, Benefits and IT to get the project back on track. Howard has rescued and revitalised the project by first establishing and then clearly setting out the Council's options along with the costs and benefits of each. The Council made its choice but the delays and extra project specifications have added an extra £2.4 million to the budget which now stand at £5.9 million, including contingencies. It is less clear whether the return on investment (around 1.6%) for this phase of the project is adequate, although this has to be considered alongside the other, non financial benefits to the Council.

1.13 There are two lessons here. First, large projects need leaders throughout the entire term of the project to drive them forward, which will be discussed further below. Second, it is important that the Council makes decisions and gets on with implementing them. Construction industry inflation and mission creep can add significantly to allocated budgets. Long delays can result in the Council needing to find significantly more capital than it has planned for.

Recommendation 1: The Council needs to be more decisive about what it wants from larger projects and once it decides, it needs to get on with them.

SMT Comments on Recommendation 1

SMT supports the position that the Council needs clear and expedient decision making in deciding whether to progress with projects and the basis on which projects are progressed. Furthermore, SMT advocates the concept of a 'design freeze' which worked well with Member support in Baldock and Royston in relation to construction projects or a freeze on project scope in relation to other projects. Often the Council (or Project Executive) faces external pressures to vary the project once it has been decided upon.

1.14 The tender exercise gave construction companies the opportunity to bid for the work but ultimately the complexity of the tender package and specialist nature of parts of the renovation meant there were no bidders. This caused a short delay to the work but did allow
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the Council to employ a local firm which will have many benefits to the local area. While it is inevitable some tenders will be complex, the Council should not include more options in its tenders than are necessary simply because it is unclear about its preferred outcome. Doing so increases the tenderers' costs (which will be reflected in the price) and can dissuade companies from submitting a bid. The group made a similar observation on the Churchgate project.

Recommendation 2: The Council should not introduce unnecessary complexity into its invitations to tender because it is unclear about its preferred outcome. It should decide what it wants and then invite bidders to tender for it.

SMT Comments on Recommendation 2

SMT supports the concept that the tender specifications should be made as clear as possible and not unduly complicated. The Council must however ensure that its contractual position is safeguarded and that the full requirements of the project are captured in the specification. There is no evidence that the position regarding a lack of bids was as a direct result of an over complex tender specification. The Scape contract has provided an effective vehicle to deliver the project.

Hitchin Swimming Centre

1.15 Leisure facilities are one of the Council's successes. This project involved providing multi functional rooms required for classes to meet rising demand and replacing the aging indoor pool changing rooms with a changing village. The Council succeeded in its objective of updating and expanding an existing facility to meet local demand. The final spend was £1.859 million coming in under the final agreed budget of £1.91 million.

1.16 The project's financial and membership benefits were less clear cut, and the Group considered that these may have been overstated. The Group did not believe the increase in membership claimed by the Council could be attributed solely to the project as membership had risen to 2755 even before work began. Membership has continued to rise since the project's completion but it is not clear how much of this is due to the extra capacity and improved facilities as opposed to the growing fitness and gym market.

1.17 The same is true for the financial benefits. The project and the related contract extensions improved the Council's annual payment position with the operator Stevenage Leisure Ltd (SLL) by £163,000 annually. However the Council does not explain that it had a significantly adverse effect on the Council's income from its profit sharing scheme with SLL which was £110,000 in 2013/4, making the overall return on investment much smaller than stated.

1.18 The Council has a tendency to be selective about the financial information it presents and tends to present it as a narrative, with or without supporting tables. It would be better if complex financial information was presented in the form of accounts so that readers can see all of the relevant spending and income associated with projects.

Recommendation 3: The Council's financial information should be comprehensive and presented in the form of accounts so the extent of profits and losses can be easily understood.

SMT Comments on Recommendation 3

The reports regarding project proposals provide appropriate information (in for example business cases) to enable decision makers to take a properly informed decision. When undertaking a project, the business case draws out the links to the

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Council's Corporate Objectives as well as considering the social benefit of the project alongside its monetary cost which requires both numerical and narrative explanation. Local authority accounts are required to separate Capital and Revenue expenditure and are prepared on an income and expenditure basis rather than profit and loss which is often inappropriate to the context in which the project is being considered. Where impacts are more difficult to assess these will be incorporated into the Risk Logs which are continually updated throughout the life of the project. The Risk Logs include financial risks and additionally these are often incorporated in the Corporate Business Planning process.

The profit share element of the Leisure Contracts contain restrictions so that it is used to reinvest in our managed leisure facilities.

North Herts Leisure Centre

1.19 The Council agreed a capital budget of £3.136 million to improve the aging leisure centre in a number of ways including a new teaching pool, a new cafeteria, refurbishment of the sports hall and leisure pool changing rooms and more. There was a good financial case for doing so. Once the facility had been completed the Council would receive an extra £18,398 a month (£220,776 a year) from Stevenage Leisure Ltd which runs the facility on behalf of the Council.

1.20 The project was originally scheduled to finish in April 2016 but is now scheduled to finish in June 2017 due to delays in starting work and unexpected problems during the construction. The delay in opening of 15.5 months has cost the Council £285,000 in lost revenue. Capital costs have overrun by £445,000 to date consisting of £317,300 pre-commencement costs and £128,000 after work started due to unidentified drainage and cabling work.

1.21 The Group heard that projects such as these have milestones and tolerances which are closely monitored by the project manager and the project board, with Cabinet receiving exception reports. It is important that all members of the Council are aware at an early stage if there are problems with projects and it would be useful if exception reports had a wider distribution.

Recommendation 4: When exception reports are produced by project boards, they should be circulated to all members of Council through the Members' Information Service or by e mail.

SMT Comments on Recommendation 4

The Council operates an Executive model of governance and our accepted project management methodology sits within that. Where projects require any decision making that is outside the scope of the project as defined by Council or Cabinet then an exception report is provided to the appropriate committee seeking the necessary authorisation. Information on project delivery is provided to Members at key points in the progression of projects through MIS.

1.22 There was also an underlying sense that officers' time was stretched between this and other areas of work and that this may have contributed to the delays. Evening and weekend working was a feature of many of the projects seen by the Group. It is not satisfactory for the officer leading a major project in an area outside their main job responsibilities to be required to do in the evenings and at weekends.

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Recommendation 5: Projects are constrained by the resources that the Council has available. Planning a substantial project on the basis that part of it will be done in a member of staff's spare time allows no contingency. The Council should ensure that large projects are properly resourced. If adequate resources are not available, the project should not begin until they are.

SMT Comments on Recommendation 5

Projects need to be adequately resourced and the Council does this through its project management arrangements and Corporate Business Planning Process. There are a limited number of projects that can be resourced at any one time and workplans are finely balanced so that additional ad-hoc internal requests for "small projects" or external requirements from Government departments can impact on delivery timescales. In some instances there can be 'pinch points' in terms of delivering a project or other work competing deadlines which mean that a member of staff may work additional hours. Where this occurs this is with the agreement of the member of staff and time off in lieu or overtime may be payable. Where additional/external resources are required these are sourced.

Herts 7 Building Control Project

1.23 This project was a collaborative arrangement combining the building control departments of NHDC and six other Hertfordshire Councils into a new company. The new arrangement is intended to bring improved services and commercial benefits to the authorities. The review only examined the first phase of the project which was the establishment of the new company.

1.24 This was a successful project managed by Ian Fullstone, Head of Development and Building Control. This project demonstrates that projects can be managed and led in house where the project manager has the knowledge, skills and time to do so. The Group was impressed by the quality of the business case which enabled the Council to take a decision to proceed with a high degree of confidence. The project's management has been particularly impressive given the need to coordinate seven different local authorities and get the agreement of their political leaders.

Churchgate

1.25 The Churchgate project developed from the Council's Hitchin Town Centre Strategy. Like the Baldock and Royston projects, it was conceived in an era when town centres were a priority for the Council. Unlike these projects, it was conceived on a much larger scale with the aim of redeveloping an area of the town centre and bringing significant investment into Hitchin.

1.26 Despite preliminary expenditure of more than £1 million and the best efforts of officers and members alike over many years, it was never realised due to a combination of factors which include bad timing, lack of commercial viability, local opposition and more. While acknowledging that external factors played a central role in the project's demise, there are some areas where the Group considered the Council could have handled the project better.

1.27 First, the Group considered that the Council was never clear about its objectives for Churchgate. The Council produced a planning brief which set out some broad outcomes without giving specifics. It hoped to attract developers who would use their expertise to produce a scheme for them. This was also a feature of the DCO refurbishment project where the Council produced a complex invitation to tender that attracted no bidders.

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Recommendation 6: The Council needs to have clear, documented objectives before it embarks on projects.

SMT Comments on Recommendation 6

The Council prepared a detailed planning brief with extensive public consultation. Project initiation documents capture the objectives of a project. In relation to the Churchgate Project it was agreed by Full Council in February 2010 to enter into a contract with Simons for them to bring forward proposals to regenerate the area. The scheme was complex and involved ownership outside the control of the Council (ie the long lease to Hammersmatch) and the relocation of the market. Despite extensive efforts Simons were unable to bring forward a viable scheme which met the objectives within the contract period and in January 2013 Full Council declined to extend their contract.

1.28 Churchgate was a large, complex project which affected many conservation, community and business groups as well as the current lease holder. Such projects need strong leadership in order to drive them forward in the face of the inevitable obstacles which accompany any large scale redevelopment. There was a sense that the Churchgate project lacked both vision and leadership at times, and progressed as a series of bureaucratic exercises conducted by a Council more focused on processes rather than outcomes.

1.29 The Council has limited funds so employing outsiders is not always feasible, nor is it necessary if the right person is available in house. But for projects on this scale a champion, either internal or external, is needed.

Recommendation 7: Large scale projects should have a champion to drive them forwards.

SMT Comments on Recommendation 7

Agreed. There is already a 'champion' in the Lead Member and the Project Executive.

1.30 Project Boards need to have the right mix of skills with an appropriate number of members. The Churchgate Project Board's membership was rather top heavy with senior Cabinet members and it could have benefited from wider, backbench experience.

Recommendation 8: The Council should be more flexible about membership of project boards

SMT Comments on Recommendation 8

The Council has operated Project Board membership in a flexible way to ensure that there is a balance on 'inputs' to the Board whilst keeping Boards to a manageable size. On the Churchgate Project Board there were four elected Members one of whom was not an Executive Member. The composition of Project Boards varies between projects and it should be recognised that in an Executive model Council there will be appropriate representation from the Executive on Project Boards.

1.31 The Churchgate project's progress was slow. It is hard to pinpoint when the preliminary work on the project actually began. Timing and momentum can be important factors in projects. The project's slow progress meant that it missed its best window of opportunity and got caught up in the fallout from the Roanne legal case in 2007 and the economic downturn in 2008. The latter, in particular, reduced its chances of success. As has been pointed out earlier, it is important for the Council to be decisive about what it wants and then get on with it.

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1.32 The project was criticised at every stage of the process by the public, conservation groups and other stakeholders. The Council did make genuine efforts at consultation, but officers themselves acknowledged that their efforts had not been successful. Those members of the public who spoke about Churchgate were clear that this was a shortcoming. However, this does not always have to be the case. The Baldock and Royston town centre enhancement projects were both excellent and creative examples of public engagement and consultation by the Council and its designers BDP, and the Council would do well to examine the features of these projects and learn from them.

Recommendation 9: The Council should improve its consultation and engagement with the public.

SMT Comments on Recommendation 9

The Council always strives to undertake meaningful consultation and uses a variety of mechanisms to do so. It is true that not all consultation is equally successful however the public acceptance of the outcome should not, in itself, be used to measure the success of the consultation. The Council sought to use a tried and tested method of public engagement which Simons had used successfully in other town centre schemes to gather public opinion leading to development of a scheme for submission to the Local Planning Authority.

1.33 The Council's decision to use a confidential competitive dialogue tender process was costly to the Council and developers alike, and fuelled suspicion about the Council's motives. The process' lack of transparency made it unsuitable for a sensitive development like Churchgate. There may be circumstances where the Council might wish to use the process again but before it does so it should ensure the benefits outweigh the disadvantages.

Recommendation 10: The Council should be mindful of the disadvantages of the Competitive Dialogue process and think very carefully before using it again in future projects.

SMT Comments on Recommendation 10

Whilst the Competitive Dialogue process can have its limitations, there are circumstances where it is the most appropriate method of procurement and the Council should keep all options open. At the time that this piece of work commenced Full Council considered it to be the most suitable procurement route given all of the circumstances. The end of project review reflects on all aspects of the project including the procurement process.

SMT COMMENTS ON RECOMMENDATIONS

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OVERVIEW AND SCRUTINY COMMITTEE – 6 JUNE 2017**RELEVANT MINUTE EXTRACTS REGARDING THE TASK AND FINISH GROUP ON THE COUNCIL'S MANAGEMENT OF LARGER PROJECTS****5. PUBLIC PARTICIPATION**Task and Finish Group on the Council's Management of Larger Projects

Mr Robin Dartington thanked the Chairman for the opportunity to address the Committee and advised that he was speaking on behalf of Keep Hitchin Special.

Mr Dartington stated that the redevelopment of the Churchgate Area was the largest, longest, most complex, most expensive and least successful development that the Council had ever attempted.

Perceptive Scrutiny by this Committee would be a testing task, which Keep Hitchin Special wished to help with for both the Council's and the community's interests.

When making criticisms, Keep Hitchin Special appreciated that the officer team worked very hard even when they were over-worked.

The community was deeply involved in the initial Planning Brief but was then deliberately excluded by the Council and sat resentfully on the edge waiting for the inevitable collapse of all the Council's hopes.

It was the Overview and Scrutiny Committee's job to investigate what went wrong by delving into history in order to uncover the crucial decisions that dictated the course of events that led to failure to lay a single brick after ten years of planning and spending £1 million, mostly on abortive fees and this would not be an easy task.

Although this was now history it still mattered, as clearly the council still hankered after redeveloping this historic area that was so important to the enduring character of Hitchin as an attractive market town.

A market town meant a place for the community, in the town and in the outlying villages, to come together for all social needs including shopping, the market and socialising.

Community meant people united by a common interest, in this case, the town that was home and people we socialise and talk with. It was questionable whether the Council understood this either in the past or present.

Keep Hitchin Special was one group within the community whose interest was to protect the special qualities of Hitchin as a place in which to live, work and enjoy company in the town centre and regretfully concluded that the Council understood nothing of such community needs and was just not interested. The council kept to itself and was certainly not a part of the local community, viewing us as just customers.

Keep Hitchin Special saw little difference between the failed Simons scheme and the re-vamped policy in the Local Plan which presented developers with the opportunity to add 4,000 square metres of town centre space, which were Council-speak for more shops.

Developers, like Simons, were motivated solely by profit; they come, build, sell, and go without a care, leaving a chunk of Hitchin under the control of some foreign sovereign fund for the next 125 to 250 years.

The policy did include some enhancements to and protection for historic buildings but non-commercial elements were liable to be suppressed if the council again handed over the lead to a commercial developer.

Keep Hitchin Special believed that the failures ultimately stemmed from the inappropriate management culture within the Council and feared that the past would be repeated, unless the Council came to understand its own shortcomings, that made it inevitable that their sponsored Simons' scheme would fail.

Scrutiny should identify that, in respect of Churchgate, the Council had been:

- Arrogant
Never admitting it could possibly be wrong;
- Isolationist
Bunkering down in a side street in Letchworth;
Never being seen in Hitchin;
Hitchin Committee being side-lined;
No contact with the community;
- Dominating
No interest in ideas except its own#
- Negligent
Making decisions without sufficient investigation;
- Unprofessional
Not respecting the need for professional training;
- Incompetent
Losing control of its objectives;
Failing to deliver.

The Overview and Scrutiny Committee could recommend to Cabinet that such mistakes were avoided in future.

Mr Dartington advised that Keep Hitchin Special had analysed the Council's mismanagement and made suggestions on how to strengthen the recommendations in their written submissions that had been circulated to Members and been made available at this meeting and requested that these submissions be included in the record of the meeting

He concluded by stating that there was no gentle way to describe the problems with the Council's conduct over the Churchgate project and that sometimes it was necessary to be severe in order to be kind.

The Chairman thanked Mr Dartington for his presentation.

Mr Bernard Eddleston thanked the Chairman for the opportunity to address the Committee.

He acknowledged that the report was detailed and sound in many aspects, however some of the recommendations were rather weak in areas and proper public scrutiny of these projects would have yielded a stronger report.

Overall Expenditure on Capital projects

This Council had, throughout the past 10 years, overspent by several million pounds on major projects and there have been significant delays. Some projects weren't even delivered. This was a waste of taxpayer's money, which could have been used for other things.

This Council had failed the public and changes were essential not just in procedures but in the overall culture, management and personnel and if this was not done the same mistakes would happen again.

Initial Budgeting.

This was touched on in recommendation 3 but did not go far enough.

A proper business case needed to be made with clear timescales and with a well thought through budget at the outset.

Currently the initial budget was lost in the subsequent paperwork and when an increase was required because of delays or omissions, this became the new budget. As a result projects could always be declared to have been completed within budget since the increased expenditure figure had become the new budget and the old one was largely forgotten. The original budget should be maintained as a reference point, which would help to concentrate minds

Public Participation/Consultation

Very few members of the public knew that Task and Finish Groups existed or that they could attend. This was buried on the Overview and Scrutiny page of the website.

If public participation was wanted, why not publicise on the Council's news and twitter feeds.

The protocol adopted last year for Task and Finish Groups stated that there should be public participation in the workings of the Group. In this review it was only given lip service.

Initially presentations by the public were to be allowed but they were cancelled just before the first meeting. 24 hours before a later meeting a notice was sent out to a few individuals to say that a 3 minute presentation would be allowed but only to comment on recommendations for the future, not the projects being reviewed. This really was an insult.

One recommendation was that public consultation must be improved and Mr Eddleston noted that there was to be a Task and Finish Group regarding this later in the year. This Task and Finish Group should cover not only public consultation, but also public participation.

He queried why the Council and its Officers seemed frightened to involve the public in any meaningful way, as there is a wealth of talent which remained untapped.

In respect of the recommendations contained in the report he made the following comments:

Recommendation 1

The Council needed to be more decisive, but only provided a proper business case was presented with a realistic budget and timescale and after proper and meaningful consultation with the public.

Recommendation 3

Financial information should be presented in a more business-like manner which was comprehensive and not selective. Officer time and costs required to manage and organise the project must be included in the business case.

Recommendation 5

Projects should be properly resourced and for large projects consider bringing in someone from outside. This Council did not have the in-house experience to run complex projects.

Recommendation 8

Project Boards needed substantial modification. Just being flexible was too weak. They should not be dominated by Cabinet Members and Officers, but should also have one or two external representatives with experience in the project being undertaken. There were many members of the public who would give their services.

There was no need for a project executive and a project manager. The above changes would make the work of the project board more objective.

Recommendation 9

Consultation with the public had been criticised many times. However it was not just consultation but also participation which must be addressed. It was essential this was tackled in order to regain the trust of the public.

Mr Eddleston suggested an additional recommendation:

“That senior management be more business-like in their approach to proposed projects and be prepared to reject them.”

Projects seemed to be put before Cabinet and Council which were not well thought through, however the reports were sufficiently economical with the full facts so as to present an overly optimistic picture.

Unless Executive Members and Councillors had the time, energy and specific expertise to review the proposals in detail they tended to get approved and Councillors subsequently found it more difficult to halt or change the projects when things started to go wrong.

He stated that the Council should use the expertise that was in the Community and asked that this be embraced rather than feared.

The Chairman thanked Mr Eddleston for his presentation.

Mr Mike Clarke thanked the Chairman for the opportunity to address the Committee and advised that he would restrict his comments to the processes he had observed over the past 8 months, having attended two Task & Finish Group meetings as a representative from Hitchin Forum.

He attended the Task and Finish Group meeting in January regarding the Hitchin Swim Centre as he wanted to observe the process of scrutinising and understand how these critical processes were being conducted.

At the meeting the Chairman kindly invited the four of us who did attend to make up to 3 minutes of comments and used the opportunity to question the processes of the Task and Finish Group, and make a brief comment about the Churchgate affair.

Mr Clarke advised that he had previously attended the Task and Finish Group meeting regarding Churchgate in order to participate in the discussions that he believed would be held about that project.

It seemed good that the Council would review its larger projects, and he had hoped to contribute to the debate, having been very involved in the events of 4 years ago.

However the public were prohibited from contributing in that meeting, despite the guidelines stating that external input would be included. The Chairman advised that he had not allowed public input in case too many people wanted to speak despite there being just two or three members of the public at the meeting.

It would have been useful to have seen officers' reports before that meeting, in order to consider and respond to their accounts but this was not to be and we were not invited to comment after the event.

At that Task and Finish Group meeting it was suggested that Members would correspond by email and the report would thus be finalised. This report was only made available to members of the public in the past week, leaving no time to properly consider and respond to it and it was timed for half term week when some of us were away and had other priorities.

Mr Clarke stated that he remained fascinated about a brief negative comment by one of the officers regarding the Churchgate Liaison Forum and was interested to know what different strategy might have been employed to engage the public and the Task and Finish Group did not receive any enlightenment on this and it seemed that no effort had been made to discover what drove 3,000 people to challenge the Council's actions and sign a petition after 8 years of sustained opposition to some of the proposals. It seems that yet another opportunity was lost to bridge the gap and find out how collaboration with the community could best be achieved.

The members of the Task and Finish Group made critical comments in September and these had been included in the final report, but time and opportunity had not been provided to include the wider public in a true debate.

There were other details from the reports about Churchgate which bore further scrutiny such as the decision to expand the development site from 3 to 5 areas and the apparent failure to heed the changing retail climate, which seemed to have persisted in the Local Plan expectation that now even more shops were needed. It seemed that the Council paid more heed to the propaganda from Simons and retail consultants than the well informed community, including its elected Councillors.

Mr Clarke concluded by stating that he was pleased to see that the Task and Finish Group took a constructively critical approach to the reports, but the Council needed to do much better in engaging the community, particularly with a complex project which affected so much of the town and so many people and doing this might even help in the Council's efforts to run successful projects therefore recommendation 9 was fully supported.

The Chairman thanked Mr Clarke for his presentation.

Mr David Leal-Bennett thanked the Chairman for the opportunity to address the Committee and advised that he had read the 40 page Task and Finish Group report that was highly critical of NHDC and its leadership and thanked all those involved.

Mr Leal-Bennett informed Members that he wished to add his fullest support to the recommendations within the report and would explain some of his reasons and suggest an additional recommendation relating to the usage, monitoring and approach of using the Prince II process and strongly encouraged Members to support the recommendations in the Task and Finish Group report.

The report covered many projects, some major, one minor and some historic, but throughout it was clear that lessons had not been learnt. It was refreshing to see such openness and honesty with the information presented. Hopefully the recommendations, when adopted, would assist in improving matters.

In spite of the criticism, some officers still maintained that there were staff with sufficient expertise to run major projects, which he could not agree with and the evidence was before the Committee and reflected in Recommendation 5.

It was sad that, when officers want to do things their way, they could present a very compelling story, often without financial detail.

The Leader of the Council had stated that officers run the council, perhaps this was why we were in this situation with failed projects.

Officers should carry out the wishes of the elected members and if they didn't then they must be taken to task.

It was the responsibility of councillors, and more importantly the Leader and Cabinet to robustly question and analyse reports, which were often biased towards officers' views.

It was essential that financial information was set out clearly, so that it was understood however this was not done for many of the projects in this report as reflected in Recommendation 3.

The appointment of Members to Project Boards by a Leader, who had no commercial experience, had, to date, proven to be disastrous. They require a balanced composition and currently did not have the breadth of experience required.

For the benefit of future projects, it was important that NHDC involved professionals, and from outside, paying them if necessary. This was reflected in Recommendation 8.

Mr Leal-Bennett drew attention to three projects as follows:

District Council Offices (DCO)

The report did not mention the purchase process costing £3.6 million, which, when added to the refurbishment work, took the project cost to over £9.2 million.

Officers did not look in detail at alternatives such as lease extension, new build, or moving to another building.

At the time he had a debate about this with the then Head of Finance, Performance and Asset Management, who refused to undertake a detailed analysis of the options and did not know what a Discounted Cash Flow was, an essential tool for comparing options, neither was the Leader interested.

In the event the price paid was substantially greater by almost £2 million than the internal valuation.

Recommendations 6 and 7 addressed these issues.

Swim & Leisure Complexes

Both of these had been pioneered as Invest to Save projects, which they were not; this seemed to be a phrase used to justify capital spend no matter what. There was never any detailed financial analysis or objectives regarding these projects.

The relationship with Stevenage Leisure Limited was far too close and the financials on leisure had never been scrutinised in any detail.

In a profit sharing arrangement costs could easily be hidden, a turnover base for a return was much more meaningful.

Councillor Morris was absolutely correct with the points he raised in paragraph 6.17 of the report.

These issues were addressed by Recommendation 6.

Churchgate

This project had been a disaster, and it was clear that the Project Leader was out of their depth and did not know when to say enough was enough.

Under a Full Council resolution the Chairman of Hitchin Committee was nominated as a member of this Project Board, not a named individual, yet he, as the person holding that post, was refused permission to sit on the board. This rejection was bizarre, especially in view of his background in Project Finance. He stated that he just might have been able to add some value. As it was, officers were either directed not to continue or did not wish to.

This Project required real leadership and knowledge, but at every stage reasons had been found not to proceed or delay. The current leaseholders had a plan but were now totally frustrated. There was still time to salvage a deal if there was a will, but it would need new leadership and vigour.

Recommendations 7 and 10 addressed these issues.

Prince II

Conclusions concerning this aspect seemed to be missing from the report, there was no documentary evidence that a Prince II process had been undertaken with projects and neither was there any evidence that, under Prince II, an intelligent approach had been adopted.

Mr Leal-Bennett advised that he had personal experience with Prince II with NHDC, and had gone to great lengths to understand how it was being implemented and concluded that, in short, it was not. This was made very clear at a meeting where the Leader was present, and an experienced Fellow of the Royal Society of Surveyors, FRICS gave examples of its misuse by your senior officer Mr Robinson.

When pressed on the detail of Prince II usage, Mr Robinson stated that it was Prince II, as amended by NHDC. This meant that there was not a collaborative approach, since he made all the decisions and refused to correct minutes where issues had been raised.

Mr Leal-Bennett requested that an additional recommendation be made regarding Prince II which dealt with its usage, monitoring and an intelligent approach, rather than just a process driven by officers.

He concluded by stating that it was most important that any recommendations were taken on board by Cabinet and the Leadership. Paying lip service was not an option, which was all too often the case. There needed to be some real leadership on Churchgate to drive through a sensible deal for Hitchin and North Herts.

The Chairman thanked Mr Leal-Bennett for his presentation.

The Chairman referred to submissions made to Members of the Committee by Keep Hitchin Special and advised that the Chief Executive wished to address some factual inaccuracies contained in them.

The Chief Executive explained that he wished to clarify some factual inaccuracies contained in the submissions from Keep Hitchin Special in order to prevent misunderstandings now or in the future.

In respect of the Churchgate project, Eversheds provided advice regarding the competitive dialogue process and that it should be followed by the Council in light of the Roanne case, which effectively set a new context in European law regarding how local authority procured projects.

Reference had been made to the Dorset scheme, which was also undertaken by Simons. It was important to note that this scheme was procured in the pre-Roanne period and therefore was under very different circumstances in terms of procurement. This project was also prior to the economic recession.

The Dorset scheme suffered very greatly in its first phase and the second phase was not taken forward for the reasons already mentioned.

In respect of process followed for the Churchgate project, when the contract was awarded in 2010, it was full Council that amended the recommendations of officers, by a proposal from the then Chair of the Overview and Scrutiny Committee, that the Leader of the Council be the Chair of the Project Board. This was quite exceptional, but was suggested due to the high profile of the project.

In terms of the progression of this project, the full Council meeting mentioned above set out the approach, framework and project initiation documents and it was these documents that officers and the Project Board worked to throughout the progression of the project.

It was the developer's responsibility to drive the project forward and bring their expertise to bear.

In the early days of the project Keep Hitchin Special raised a number of questions regarding project governance and specialisms and those were dealt with at that time and the Council satisfied itself that it had appropriate skills, both internal and external, to deal with the project as determined.

Reference was made in the submissions to RIBA, this was the industry standard scheme.

He reminded Members that at the point that the developers were appointed, there was no settled scheme, it was for the developer to work up a scheme, in consultation with local traders and the market whilst bearing in mind the financial viability of the scheme in the financial market of that time.

In respect of skills and experience, the Council examined what it considered was necessary and put in place those skills. Where there were gaps in officers' skills and expertise it brought in external consultants both legal and procurement professionals.

In respect of the amount spent on the Churchgate project, the Strategic Director of Finance, Police and Governance reiterated that at least half of the £1 million expenditure would have been spent anyway as it was funding for the Town Centre Strategy and the planning brief work, that the Council had committed to undertake.

The Council brought in experts, which cost £500,000, and it was from that that the next stage of the project was developed and therefore it was wrong to state that the spend was £1 million was spent on Churchgate as over half of that was spent getting to the point of deciding what to do with the town centre.

The budgets were changed as projects progressed, however the budgets were scrutinised carefully when they were first brought forward. Some other councils and private companies set a budget and then add ten percent and add a further ten percent for contingencies. However this Council had taken the view that they would set a base budget and, if this needed to be increased that figure would be taken as the budget.

14. TASK AND FINISH GROUP ON THE COUNCIL'S MANAGEMENT OF LARGER PROJECTS

Prior to consideration of this item, the Chairman drew attention to the second submission from Keep Hitchin Special that had been made available to Members at this meeting. She noted that it contained some additional suggestions regarding recommendations and gave Members time to read this document.

Councillor Michael Weeks, Chairman of the Task and Finish Group on the Council's Management of Larger Projects, presented the report of that Group.

Councillor Weeks thanked those who had assisted and taken part in the Task and Finish Group.

Seven reviews were carried out over a four month period being one major regeneration project, one initiative to collaborate with other district councils in Hertfordshire, one internal reconstruction scheme, two public facility enhancements and two town centre enhancements.

The content of the report was supported unanimously by all members of the group.

The Task and Finish Group was not intended to be an enquiry body looking to criticise past projects, nor was it intended to be a scrutiny exercise. Instead it was an exercise to see what the Council could learn from its past projects.

It would appear that the four public speakers aimed to criticise the Churchgate project, using the Task and Finish Group as a vehicle to do so. This sort of criticism was not part of the Task and Finish Group brief and it was primarily for this reason that public participation was refused during the early stages of the review, when considering Churchgate.

Councillor Weeks explained that in reviewing these projects the Task and Finish Groups aim was to identify aspects that should be avoided in future projects.

He then summarised the reviews undertaken for each project and explained the evidence and reasoning behind each recommendation, as detailed in the report.

Points of Clarification

Prior to Councillor Weeks guiding the Members through the recommendations of the Task and Finish Group several points of clarification were raised.

A Member queried whether that Task and Finish Group had asked for any evidence that the Prince II process had been followed, when used on projects.

The Scrutiny Officer advised that there were very detailed documents regarding the Churchgate project, but for most of the projects there was little evidence produced regarding the use of Prince II. An officer had commented that they had used Prince II appropriately, but there was no need to use all aspects and therefore used what was useful and did not use aspects that were bureaucratic or deemed as unnecessary.

A Member asked for clarification regarding whether the Overview and Scrutiny Committee could amend the recommendations of the Task and Finish Group if it so wished.

The Chairman confirmed that the Overview and Scrutiny Committee could amend recommendations of Task and Finish Groups.

The Chief Executive advised that one option was for the Overview and Scrutiny Committee to ask the Task and Finish Group to reconvene in order to consider any comments and reformulate its recommendations.

Councillor Weeks informed Members that the recommendations made by the Task and Finish Group were as follows:

Recommendation 1

The Council needs to be more decisive about what it wants from larger projects and once it decides, it needs to get on with them.

The Task and Finish Group considered the effect of the economic downturn during the course of the Churchgate project and the delays in making a decision regarding the outcomes for the Council Office refurbishment, both of which had resulted in increased costs. They concluded that, once a decision had been taken, projects should be progressed as soon as possible as delays only served to increase costs. The Council should also be aware of the wider picture and act accordingly including ceasing a project if necessary.

Members acknowledged that that there could be a perceived conflict between the need to progress projects and the need for consultation, however these were and should be different stages. The Council should consult and then make a decision based on the consultation.

Just because the Council consulted on something, did not mean that everyone would get what they wanted, particularly in areas where different sections of the community want different things.

It was for the Council to make a decision about how to deal with outcomes of consultation, but having made a decision, they must be clear and realistic about its objectives and not delay.

A Member commented that it was important to get on with a project, but the Council must be aware of any potential issues such as Judicial Reviews and not just plough on regardless. It was equally important not to be over cautious and stop work on a project because of the slightest threat to it.

It was important for the Council to know when to stop a project.

Members suggested that the recommendation be amended to reflect the need to move forward with a project, following meaningful consultation, and the need to assess risks and recognise when a project should be stopped.

Recommendation 2

The Council should not introduce unnecessary complexity into its tenders because it is unclear about its preferred outcome. It should decide what it wants and then tender for it.

The Task and Finish Group noted that, in respect of the District Council Office Refurbishment, the uncertainty regarding the finished outcome resulted in a complex tender, which received no bidders. They concluded that outcomes should be clear about what it wanted, which could then be reflected in the tender documents.

Members queried whether this was a systematic issue or reflected the experience with one project.

Councillor Weeks advised that this recommendation resulted mainly from the evidence regarding Churchgate.

The Strategic Director of Finance, Policy and Governance advised that, in respect of the Office Accommodation project the Council had identified a base scheme and then there were a number of options that were around affordability.

In respect of Churchgate the Council provided a planning brief that formed that basis of the Competitive Dialogue Tender. This was sent out to the bidders asking them to come forward with their schemes.

The Council made clear that there was not the expertise in-house and called on the expertise of the development industry.

It was a requirement of the Competitive Dialogue process that details were kept confidential as the process progressed which meant that the Council was not in a position to explain to the public what was happening until the end of the process.

The winning bid was about demonstrating that the bidder had the capacity and capability to develop the project, the idea submitted was not the actual scheme.

It was then moved on to consultation with the public to develop a planning application.

There was some confusion regarding the fact that the initial scheme was purely about what Simons was capable of.

Members commented that giving too many options for projects increased the costs for those tendering and possibly increased the quotations for each aspect as different choices from a pick and mix scheme could result in greater costs for the contractor. The Council needed to be clear about what it wanted.

Members queried whether this recommendation applied to only one project and therefore should be clarified as such, or whether this was something that should be applied generally and maybe be re-worded.

As a point of clarification the recommendation should be to be clearer about its tender invitations and then put it out to tender.

Recommendation 3

The Council's financial information should be comprehensive and presented in the form of accounts so the extent of profits and losses can be easily understood.

The Task and Finish Group considered that it was important that financial information be more comprehensive and that, if presented in the form of accounts, supported by graphs, the extent of profit and loss for each project would be easily understood.

Members agreed with this recommendation.

Recommendation 4

When exception reports are produced by project boards, they should be circulated to all members of Council through the Members' Information Service or by e mail.

The Task and Finish Group considered that all Members should have been kept apprised of the progress of and financial issues with projects on a regular basis, which could be achieved by circulating the exception reports that were produced for the project board, to all Members.

Members agreed with this recommendation.

Recommendation 5

Projects are constrained by the resources that the Council has available. Planning a substantial project on the basis that part of it will be done in a member of staff's spare time allows no contingency. The Council should ensure that large projects are properly resourced.

Members acknowledged that officer's often took on these projects in addition to their normal work load and commented that it was unsurprising that absence targets were missed and that stress levels for officers were increased.

It was clear that the Council did not always have the resources available for projects and it was important that when this occurred it was recognised and decisions regarding how to deal with the lack of resources were taken rather than muddling through.

Recommendation 6

The Council needs to have clear, documented objectives before it embarks on projects.

The Task and Finish Group considered that the method used in the Churchgate project of initially setting out very broad objectives, which would be honed by a developer into a specific project and the variety of options given for the refurbishment of the District Council Offices were unsuccessful. They agreed that the Council needed to have clear and documented objectives at an early stage, certainly before embarking on the project.

A Member commented that, in respect of Churchgate, the groups in Hitchin engaged with the Churchgate Liaison Forum and that the consultations that took place were not a sham exercise, as had been claimed. He praised the contributions made by Simons and officers. However, as the project progressed the public of Hitchin had lost total confidence in the Council to be able to produce an acceptable project. The public had lost all trust for the Council and this was not only as a result of the Competitive Dialogue Process, but also due to an earlier draft proposal, which lead to

demonstrations. This history meant that recommendations 6, 7 and 9 were so important.

The Strategic Director of Finance Policy and Governance confirmed that the role of the liaison forum was to consult with the public. The Competitive Dialogue Process had been used to identify a developer, and with hindsight the scheme that Simons had presented to demonstrate their capabilities should not have been put into the public arena as this was misinterpreted as the actual scheme that would be developed. The Liaison Forum's role was to meet the developer, speak to the public, challenge and come forward with a planning submission, but this role got lost and the project never got to the stage of a planning application.

Members agreed with this recommendation.

Recommendation 7

Large scale projects should have a champion to drive them forwards.

The Task and Finish Group agreed that better leadership may have helped many of the projects and that this could be addressed by having a champion to oversee all aspects of a project and drive it forward.

A Member queried whether a Champion was needed and/or beneficial for every project.

The Chief Executive advised that this recommendation could work for all projects, as long as it was interpreted in the right way. It would be necessary to identify what the sensitive issues were in order to address them and user membership on project boards was an attempt to address this issue.

Members commented that a champion could take different forms, it could be a team or an individual and therefore the recommendation did not need amending.

They felt that the appointment of a champion to a project would ensure that the other recommendations were carried through as this would be part of their remit. The champion on large projects should not be an additional duty for an officer, it should be a dedicated person.

Recommendation 8

The Council should be more flexible about membership of project boards

The Task and Finish Group concluded that Project Boards should not predominantly be made up of local Members, but should instead have a membership that was spread across the spectrum of all Councillors.

Members agreed with this recommendation.

Recommendation 9

The Council should improve its consultation and engagement with the public.

The Task and Finish Group concluded that the Council was not the best at communicating. It was acknowledged that communication had been difficult with Churchgate, given the nature and the number of factions involved and that consultation and engagement regarding the Royston Town Centre enhancement was more successful. However the Council needed to improve in this area and the Group noted that the engagement of a consultant designer with extensive public engagement experience had paid dividends during the Baldock Town Centre enhancement and that this had probably been the best investment of the project.

Following some debate it was suggested that the recommendation be amended to reflect that the Council should not embark on a project unless they were confident that

proper and meaningful consultation had been undertaken, but it was important to continue to engage with the public at stages throughout project.

Recommendation 10

The Council should not use the Competitive Dialogue process in future projects.

The Task and Finish Group concluded that this process, with its secrecy aspects, was not suitable for use in the Churchgate project. It was not the best method for use by the Council for any project and was said to be unpopular for developers.

A Member asked whether there were any circumstances in which the Competitive Dialogue Process may be the best method to use and, if this was not to be used, what would take its place.

The Strategic Director of Finance, Performance and Governance advised that the Competitive Dialogue Process could work for specific projects and that Members should be clear that that they were not stopping something that may work in another circumstance or setting.

The Competitive Dialogue Process was unpopular because of the required confidentiality, however Hertfordshire County Council used the process when appointing Joint Venture Partners and it was deemed as the most appropriate process to use in that circumstance.

Members were concerned that this recommendation would prevent use of the Competitive Dialogue Process completely when there may well be circumstances when this process was the most appropriate to use. However this process should be used with caution and not used on highly sensitive and visible projects.

It was suggested that the recommendation be amended to ensure that its use was not excluded, but that it was used appropriately and not on highly sensitive and visible projects.

Councillor Weeks expressed concern that the recommendations of the well considered Task and Finish Group may be amended. He felt that the Group had received the evidence and that the recommendations were sound and should not be amended too much.

The Chairman requested that the Task and Finish Group consider whether the documents from the public participation would add value to their discussions.

The Scrutiny Officer advised that he would gather together the comments made at this meeting and circulate them to the Members of the Task and Finish Group for their comments. The report would then be brought back to this Committee in July for consideration before being presented to Cabinet.

The Chairman invited the speakers to make final comments.

Mr Dartington stated that the reason that the public lost faith with the Churchgate Liaison Forum was that they had been presented with a planning brief that identified the areas to be developed and which had been consulted on, but following a period of silence those areas were expanded into areas that the public had specifically stated it did not want. It was therefore not the scheme that caused issues, but the approach.

The Strategic Director clarified that the Council did go to the market to seek a developer and the initial scheme from that developer showed development on the expanded sites. They then had to go through a process to get to a planning application however this never happened because when an explanation was presented as to why the smaller scheme was no longer a feasible option, they were shouted down. It may well have been that, if everyone had engaged with them, they

may have reduced the scale of the proposal and when Simons made a presentation to Council they stated that they would reduce the scale.

The lesson to learn from this experience was that the consultation and engagement with the public regarding Churchgate did not work and in future need to be clear about the decisions made and then move on to the next stage. If this approach had been taken it was possible that the project would have come to fruition.

Councillor Billing commented that, even when the Town Centre Strategy was being developed the Chairman of Hitchin Committee was being belittled by large numbers of people, so it wasn't just at the time that the initial scheme was presented that things went wrong.

The Chairman thanked everyone for a full debate and confirmed that the comments of SMT regarding the Task and Finish Group's report would be available at the next meeting.

RESOLVED:

- (1) That the Task and Finish Group on the Council's Management of Larger Projects be requested to consider the comments made by this Committee regarding the recommendation contained in the report paying particular attention to the following:

Recommendation 1

Members suggested that the recommendation be amended to reflect the need to move forward and the need to assess risks and recognise when a project should be stopped.

Recommendation 2

Members queried whether this recommendation applied to only one project and therefore should be clarified as such, or whether this was something that should be applied generally and maybe be re-worded.

As a point of clarification the recommendation should be to be clearer about its tender invitations and then put it out to tender.

Recommendation 9

It was suggested that the recommendation be amended to reflect that the Council should not embark on a project unless they were confident that proper and meaningful consultation had been undertaken, but it was important to continue to engage with the public at stages throughout project.

Recommendation 10

It was suggested that the recommendation be amended to ensure that use of the Competitive Dialogue Process was not excluded, but that it was used appropriately and not used on highly sensitive and visible projects.

- (2) That the Task and Finish Group on the Council's Management of Larger projects be requested to consider whether the comments made and documents presented in public participation would add any value to their discussions.

REASON FOR DECISION: To enable the Overview and Scrutiny Committee to consider the Task and Finish Group on the Council's Management of Larger Projects report prior to consideration by Cabinet.

CABINET 26 SEPTEMBER 2017
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*PART 1 – PUBLIC DOCUMENT	AGENDA ITEM No. 7
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TITLE OF REPORT: STRATEGIC PLANNING MATTERS

REPORT OF THE STRATEGIC DIRECTOR OF PLANNING AND ENTERPRISE

EXECUTIVE MEMBER: COUNCILLOR DAVID LEVETT

COUNCIL PRIORITY: PROSPER AND PROTECT

1. EXECUTIVE SUMMARY

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

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

2. RECOMMENDATIONS

2.1 That the report on strategic planning matters be noted.

3. REASONS FOR RECOMMENDATIONS

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

4. ALTERNATIVE OPTIONS CONSIDERED

4.1 None.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

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

6. FORWARD PLAN

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

7. BACKGROUND

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

8. RELEVANT CONSIDERATIONS

8.1 Duty to Co-operate with neighbouring authorities

- 8.1.1 As previously reported a list of existing and emerging agreements with relevant bodies was included in the Strategic Planning Matters Report to Cabinet on 13 June 2017. Since June Memoranda of Understanding have been agreed and signed with the Greater Cambridge and Peterborough LEP, and St. Albans District Council under delegated responsibility to the Head of Planning and Building Control, in consultation with the executive member for Planning and Enterprise¹. Others that are in the process of being agreed and signed are with Aylesbury Vale District Council and Luton Borough Council. These will be posted on the Council's website once agreed. The other agreements as previously listed in the June Report are in progress and under discussion. MoU or equivalent that continue to be agreed will be submitted to the Inspector as part of the examination submission documents. (See paragraph 8.3).
- 8.1.2 Any further updates under the duty to co-operate will be reported to Cabinet at the meeting and on an on-going basis through these reports.

8.2 Other Plans and Examinations

- 8.2.1 The Regulation 18 consultation on the **Central Bedfordshire Council** draft Local Plan closed on Tuesday 29 August. The North Hertfordshire District Council response is included at Appendix A. Their draft Local Plan makes provision for 20,000-30,000 dwellings (in addition to the 23,000 homes that have planning permission or are already allocated over the plan period) within broad locations of growth. It also makes provision for 24,000-30,000 jobs over the plan period. The North Hertfordshire response outlines a number of key issues comprising:
- The level of provision towards Luton's unmet housing need;
 - The need to consider the cumulative impacts arising from potential residential growth in Area B (Biggleswade, Arlesey, Fairfield, Henlow and Stotfold) and Area D (Stondon and Langford) alongside growth in neighbouring authority areas, including North Hertfordshire;
 - The need to consider the cumulative impacts arising from potential employment growth at RAF Henlow, land west of the A1 Biggleswade, East of Biggleswade, West Sunderland Farm and Biggleswade South Roundabout on the A1;
 - Highways impacts on the A1 corridor, A505, A507/A600, Stotfold Road and Arlesey Road;
 - Impact on the rail network;
 - Support for securing investment in transport;

¹ The Cabinet at its meeting in March 2016, agreed to delegate responsibility to the Head of Planning and Building Control, in consultation with the Executive Member for Planning and Enterprise to enter into formal Memoranda of Understanding (MoU) or Statement of Common Ground (SoCG) between North Hertfordshire District Council and other prescribed bodies under the Duty to Co-operate.

- The need to produce an Infrastructure Delivery Plan to assess cross-boundary impacts and enable mechanisms for the capture of developer contributions.

8.2.2 **Uttlesford District Council** has recently undertaken their Regulation 18 stage consultation on their Local Plan, which closed on Monday 4 September. North Hertfordshire District Council has submitted a response to this consultation, which is included at Appendix B. Whilst the response acknowledges that there are no strategic cross boundary issues as a result of the North Hertfordshire Submission Local Plan (2016), the impact of the proposed allocations within Uttlesford on the strategic highways network has been raised. This includes the cumulative impacts on the A505 corridor when considered in conjunction with planned growth within our District and beyond.

8.2.3 The Inspector's report on the examination into the **Luton Borough Council** Local Plan 2011-2031 has now been published. The Inspector has concluded that with the recommended main modifications to the plan, the Luton Local Plan satisfies the requirements of Section 20(5) of the Planning & Compulsory Purchase Act 2004 and meets the criteria for soundness in the Framework, and has found the Plan to be sound. Luton Council will consider this report and adoption of the plan at a future meeting of their Full Council.

A copy of the inspector's report is available to view at:

<http://www.luton.gov.uk/Environment/Lists/LutonDocuments/PDF/Local%20Plan/Luton-Local-Plan-final-Inspectors-report.pdf>

8.2.4 **East Hertfordshire District Council** submitted their Local Plan to the Secretary of State for examination on 31 March 2017. An Inspector, Christine Thorby, has been appointed. The hearing sessions have been set and will take place in two stages. Stage 1 will take place from 3 to 12 October 2017, and will cover General Matters, including the duty to co-operate and strategic issues. This will address the objectively assessed needs for housing, as well as the development strategy for employment, retail, green belt and strategic infrastructure delivery.

8.2.5 If after the Stage 1 hearing sessions, the Inspector considers that in relation to these issues the East Herts Plan is likely to be capable of being found legally compliant and sound, the Inspector will then move to Stage 2. Stage 2 will consider site allocations and development management policies relating to the Plan. The Stage 2 sessions are scheduled run from 7 to 10 November 2017. Given that North Herts have a signed MOU with East Herts with no significant strategic cross-boundary issues, Officers will only appear at the hearing sessions if there are particular issues raised that are relevant to North Herts.

8.2.6 **Welwyn Hatfield Borough Council** submitted their Local Plan to the Secretary of State for examination on 15 May 2017. Melvyn Middleton has been appointed as the Inspector, to carry out the examination. The Borough Council were required to respond to preliminary questions issued by the inspector on the duty to co-operate and housing and job provision. These have now been responded to and the hearing sessions have been set. Stage 1 will cover the legal soundness and duty to co-operate and will take place on 21 September (and 22 September if required) 2017.

8.2.7 If after the Stage 1 hearing sessions, the Inspector considers that in relation to these issues the Welwyn Hatfield Plan is likely to be capable of being found legally compliant, the Inspector will then move to Stage 2. Stage 2 will consider strategic matters in relation to the spatial vision and overarching strategy and will focus on housing and green belt matters. The Stage 2 sessions are scheduled run from 24 October to 3

November 2017. Officers will only appear at the hearing sessions if there are particular issues raised that are relevant to North Herts.

8.2.8 Any further verbal updates to the above will be provided at the meeting of the Cabinet.

8.3 North Hertfordshire Local Plan

8.3.1 Full Council agreed the submission of the Local Plan to the Secretary of State (SoS) for independent examination at their meeting on 11 April 2017. The Plan together with the submission documents were submitted to the SoS' Planning Inspectorate on 9 June 2017.

8.3.2 The submission documents, which include the Plan and along with the supporting evidence base, is available to view on the Council's website at:
<https://www.north-herts.gov.uk/home/planning/planning-policy/local-plan/local-plan-examination>

8.3.3 As previously reported, the Planning Inspectorate has appointed Simon Berkeley to carry out an independent examination of our Local Plan. Louise St. John Howe has been appointed as the Programme Officer for the duration of the examination.

8.3.4 Receipt of the inspector's timetable and questions for the hearing sessions is imminent and will either form an addendum to this report or be verbally reported at the meeting of Cabinet as these had not been issued at the time of writing this report. Details of the venue for the examination hearings will also be reported. Once released, the Programme Officer will inform all respondents to the Plan regarding the details of the hearing sessions. The details will also be made available on the Council's website.

8.3.5 The Council's appointed barrister, Suzanne Ornsby has provided Counsel advice to the Council throughout the preparation of the Local Plan, both to officers and at Full Council meetings and briefings. She will continue to provide support with written statements and during the hearing sessions to ensure that the Council has a robust and justified case in place to address the hearing sessions.

8.4 Neighbourhood Plans

8.4.1 The Council, in consultation with Pirton Parish Council, has appointed Ann Skippers as the independent examiner into the Pirton Neighbourhood Plan. The examination will be undertaken during October and is anticipated to be dealt with by written representation. The Council is in the process of providing all necessary documentation to the examiner. Information relating to the Neighbourhood Plan and the examination process is available to view on the Council's website at <https://www.north-herts.gov.uk/home/planning/planning-policy/neighbourhood-planning/approved-neighbourhood-areas-pirton>

8.4.2 As previously reported consultation on the Wymondley Neighbourhood Plan took place between 23 June and 4 August 2017. Responses were received from approximately 30 individuals and organisations. Officers are in the process of collating the representations received which will then be made available to view on the Council's website. Once collated, these will be considered by an independent examiner.

8.5 Government Announcements

8.5.1 Nothing further to report at this point in time.

8.6 On going policy work

- 8.6.1 Following submission of the Local Plan to the Secretary of State (SoS) on 9th June 2017 officers have undertaken further work on examining the possibility of a new settlement as an option for the next plan period and are currently looking to prepare a paper around the high-level estimates of future housing requirements for the District over the long term to 2051.
- 8.6.2 This will seek to include consideration of factors which may produce a range of requirements for the above, potentially including (but not necessarily limited to):
- a. Published long-range, national-level population projections;
 - b. Published subnational population and household projections which extend beyond the time horizon of the current local plan;
 - c. 'Rolling forward' methodological assumptions in existing assessments of objectively assessed housing needs for the current local plan;
 - d. Alternate scenarios influencing population and / or household formation such as Brexit or a major financial recession;
 - e. The proposed introduction of a standardised methodology for the calculation of local plan housing targets as referenced in the Housing White Paper to be introduced from March 2018.
- 8.6.3 Further topic papers are also proposed, currently envisaged being around possible delivery models, viability and infrastructure.

9. LEGAL IMPLICATIONS

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

10. FINANCIAL IMPLICATIONS

- 10.1 The costs of preparing the Local Plan and running the examination are covered in existing approved revenue budgets for and 2017/18.

- 10.2 Local authorities are under a duty to provide advice and assistance to qualifying bodies preparing neighbourhood plans and in organising the neighbourhood plan examination and any subsequent referendum. Previously, the Council was able to claim £5,000 for each neighbourhood planning area designated in recognition of officer time supporting and advising a community in taking neighbourhood planning forward. This support has now been withdrawn, meaning there will be no immediate additional funding for the future applications and will need to be funded from within approved revenue budgets.
- 10.3 Further financial support of £20,000 is available from the Department of Communities and Local Government (DCLG) once the local authority has set a date for the a referendum following the successful examination of a neighbourhood plan. This financial support is in place for 2017/18 and is to cover some of the costs incurred by the Council in getting to this stage. DCLG have advised that this funding will continue for 2017/2018 but any further announcement on funding for neighbourhood planning after the end of March 2018 is unlikely before February 2018. As a result of this uncertainty a financial risk has been established for Neighbourhood Planning.

11. RISK IMPLICATIONS

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

12. EQUALITIES IMPLICATIONS

- 12.1 In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2 There are not considered to be any direct equality issues arising from this report. Future individual schemes or considerations may well be subject to appropriate review to ensure they comply with latest equality legislative need. Any risks and opportunities identified will also be subject to assessment for impact on those that share a protected characteristic.

13. SOCIAL VALUE IMPLICATIONS

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

14. HUMAN RESOURCE IMPLICATIONS

- 14.1 There are no new human resource implications arising from the contents of this report, although the planning service is carrying a number of vacancies. Recruitment to these posts has been unsuccessful and agency staff of the right experience and competencies are being sought to be put in place to assist the team through the Local Plan examination. Given the current anticipated timescales for the examination it is not envisaged that permanent recruitment can now be made to these posts in time to support existing officers.

- 14.2 Once the dates of the examination are published and questions are received from the Inspector, Plan Policy officers will be focused full time on the Local Plan. Given the heavy and complex workload that the examination process generates and the staff shortages currently within the service, it is not envisaged at this time that officers will be available or able to undertake work on any other projects. The Head of Development and Building Control and relevant service managers are meeting regularly to review workloads and will be keeping the relevant Executive Members up to date with regard the impact upon other projects and day to day workload.

15. APPENDICES

- 15.1 Appendix A – Copy of NHDC Response to Central Bedfordshire Local Plan Reg 18 consultation
- 15.2 Appendix B – Copy of NHDC Response to Uttlesford Local Plan Reg 18 consultation.

16. CONTACT OFFICERS

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17. BACKGROUND PAPERS

- 17.1 Strategic Planning Matters Reports to Cabinet on 26 July 2016, 27 September 2016, 22 November 2016, 20 December 2016, 24 January 2017, 28 March 2017, 13 June 2017 and 25 July 2017.
- 17.2 Full Council Report 11 April 2017 – North Hertfordshire Local Plan 2011-2031

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25 August 2017

Lynsey Hillman-Gamble
Local Planning Manager
Local Plan
Regeneration and Business
Central Bedfordshire Council
Priory House, Monks Walk
Chicksands
Shefford
Bedfordshire
SG17 5TQ

Our Ref: PL07/LA

Contact Officer: Laura Allen
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Dear Ms Hillman-Gamble

North Hertfordshire District Council Response to the Central Bedfordshire Draft Local Plan (Regulation 18) consultation

Thank you for providing North Hertfordshire District Council the opportunity to comment on the Central Bedfordshire Draft Local Plan (Regulation 18) consultation.

As you will be aware, North Hertfordshire submitted its Local Plan to the Secretary of State for Examination on 9 June 2017. As stated in the Memorandum of Understanding (MoU) prepared between us for the North Hertfordshire Local Plan Examination, we have worked closely in developing our Local Plan and look forward to a constructive and proactive working relationship as preparation of your Local Plan progresses.

Housing Market Areas

Our authorities have previously worked together to identify agreed housing markets in Bedfordshire and the surrounding areas. This has resulted in the production of the Housing Market Areas in Bedfordshire and surrounding areas (ORS, December 2015) study, which identifies the Luton Housing Market Area to cover the whole of Luton and a significant proportion of Central Bedfordshire, as well as smaller parts of Aylesbury Vale and North Hertfordshire Districts.

The study also identifies a Stevenage Housing Market covering the majority of North Hertfordshire and the south-east of Central Bedfordshire along with the whole of Stevenage Borough and parts of East Hertfordshire District and Welwyn Hatfield Borough. Consequently, we support your approach to identifying the geography of functional housing market areas.

Objectively Assessed Need (OAN)



We acknowledge that emerging Policy SP1 Growth Strategy currently estimates that Central Bedfordshire has a need to accommodate 20,000-30,000 dwellings, in addition to the 23,000 homes that have planning permission or are already allocated over the plan period.

Given that the Government is anticipated to introduce a new methodology for calculating housing need, we would request the opportunity to be kept updated on the implications for your Local Plan once this is published. This is particularly vital given the vast scale of development proposed in your administrative area and the resulting impacts this may have on North Hertfordshire.

Luton's unmet housing need

In the MoU recently signed between our authorities, our authorities have stated that we agree that there is a significant level of unmet housing need arising from the Luton Borough Council (LBC) authority area and that this has been quantified as approximately 9,300 dwellings following an update of the Luton SHLAA (2016).

North Hertfordshire is proposing to accommodate 1,950 homes towards the unmet need of Luton as informed by the Luton HMA Growth Study and updated SHMA. It is unclear in the draft Local Plan the number of homes that would be provided by Central Bedfordshire towards Luton's unmet need, and how this is factored into the overall housing figures of 20,000- 30,000 in emerging Policy SP1 Growth Strategy. We would expect that these homes would be provided within the Luton HMA and in as close proximity as reasonable in planning terms to Luton to address their needs.

Green Belt

We note your authority is proposing limited Green Belt release as supported by the Central Bedfordshire and Luton Green Belt Study (July 2017), including delivering residential sites towards the unmet housing need of Luton (as outlined at paragraphs and 2.3.1 and 7.5.1 of the draft Local Plan). We request to be kept informed on your preferred location(s) to accommodate the unmet need of Luton to understand the scale of Green Belt release required to meet this need and the impact on Green Belt of any other further allocations.

Broad locations for growth

We consider that Central Bedfordshire is taking a high level approach for this consultation given that only broad locations for potential growth are currently identified. We therefore request to be involved as site allocations are considered and preferred sites are taken forward. This will ensure that decisions can be made in a collaborative way that best meets the needs of Central Bedfordshire and surrounding authorities, including North Hertfordshire, and seeks to address any concerns raised over housing numbers, location and infrastructure requirements.

The broad locations of growth identified in this consultation of relevance to North Hertfordshire are Area B, and to a lesser extent Area D.



Area B

We note that the draft Local Plan at paragraph 4.6.7 acknowledges that Area B is the best performing of the four areas to accommodate large scale growth. As identified in the document, the area could accommodate for all levels of potential growth in Area B ranging from small scale growth of less than 50 homes up to strategic/new settlement scale growth of 1,500 plus homes. Nonetheless, given that this growth will be largely dependent on the delivery of infrastructure, this will need to be carefully managed in terms of the consequential environmental and highways impacts.

Settlement specific comments are outlined below, however we urge your authority to ensure that the cumulative impacts are fully taken into account given the number of sites currently under consideration for Central Bedfordshire and within neighbouring authorities, including North Hertfordshire.

Biggleswade

We acknowledge that the Settlements Capacity: Initial Study July 2017 concludes that Biggleswade has medium to high capacity and that the consultation document at page 123 identifies Biggleswade as a Major Service Centre in the settlement hierarchy.

It is anticipated that four villages to the east of Biggleswade could be developed, that would enable the provision of 3,000 dwellings and 4.6 hectares of employment land. We note that of the nine sites to be considered as part of the Local Plan¹ (constituting 500 hectares in total), the largest if these is West of Sunderland Farm, which in itself is 379.72 hectares.

Given the scale of this potential growth, we are concerned that as recognised in the consultation document, such development is dependent on highway improvements, including to the A1. We would ask therefore that you consider the wider transport impacts arising beyond the A1, and in relation to planned growth in North Hertfordshire and other Authorities along the A1 corridor.

We support the aims at page 93 of the draft Local Plan to deliver sustainable transport measures, such as to maximise public transport connectivity to Biggleswade train station. In light of this, we recommend that you work with the relevant rail and public transport bodies to ensure this is deliverable.

We support your Council's commitment at page 94 to develop a comprehensive scheme for highway improvements and public transport improvements to deal with the anticipated pressures on the A1 (please also see 'Transport' below) and ask that you work with us and other relevant organisations in taking this forward.

Arlesey

¹ Site Assessment Technical Document Appendix D: Preliminary Site Assessment Results (July 2017)



We note that Arlesey is categorised as a Minor Service Centre in the settlement hierarchy in your draft Local Plan. It is identified as having the potential for medium to high capacity in the Settlements Capacity: Initial Study (July 2017) and could accommodate 2,000 dwellings and 3ha employment land.

From reviewing the Site Assessment Technical Document Appendix D: Preliminary Site Assessment Results (July 2017), the combined site sizes (across seven sites) to be considered further equate to 59 hectares.

Due to this, and given the proximity to the North Hertfordshire borders, we urge you to ensure full consideration of the cumulative impacts on roads, in particular the A507 and Stotfold Road. This assessment should include the cumulative highways impacts arising from proposed developments within North Hertfordshire, specifically the North of Letchworth and Highover Farm allocations, along with the proposed level of growth at Biggleswade to the north, and Fairfield and Stotfold to the south within Central Bedfordshire.

We are keen to be involved as plans develop for a north/south relief road to support the development to the east of Arlesey and the proposed public transport links to both Arlesey and Letchworth Garden City train stations, especially given the latter is situated in our authority area. It will therefore be essential that rail capacity constraints are taken into account and rail operators are involved to ensure that adequate levels of service can be maintained to minimise any negative impacts for rail users in North Hertfordshire.

Fairfield

The Settlements Capacity: Initial Study (July 2017) identifies Fairfield as having medium capacity for development, however we are concerned that it is equally acknowledged in the evidence base that there is a lack of easily accessible services and facilities (particularly educational, healthcare and retail), which would place significant impacts on social infrastructure demands within our administrative area. We would therefore expect Central Bedfordshire to satisfy itself that the required facilities, services and infrastructure can be provided on-site to meet the needs of the development. Our authorities would need to work together on any outstanding cross-boundary impacts.

In addition to these matters raised, we are concerned that further development at Fairfield would place increasing reliance on the use of private vehicles and create highways impacts, in particular on the A507 and Stotfold Road. These impacts should be considered cumulatively, taking into account proposed developments in North Hertfordshire, specifically North of Letchworth and Highover Farm, in conjunction with emerging allocations in your Local Plan.

Development at Fairfield would also place additional pressure on Letchworth Garden City train station and the surrounding area, particularly with regard to on street parking. We therefore expect that Central Bedfordshire will work together with



Hertfordshire County Council's transport team to address cumulative impacts and to facilitate the use of sustainable modes of transport.

Henlow

Given that the Settlements Capacity: Initial Study (July 2017) identifies Henlow as having low capacity for development, we are concerned to see the scale of development proposed at the RAF Henlow site without the supporting text around the required infrastructure. The Site Assessment Technical Document Appendix D: Preliminary Site Assessment Results (July 2017) identifies that eight sites at Henlow comprising 244.01 hectares (of which 222.68 hectares are at RAF Henlow) are to be considered as part of the Local Plan. It is important that there is sufficient consideration of the balance between the suitability of the site for growth and the wider implications for infrastructure given that the settlement is identified as having a low capacity for growth.

Stotfold

The Settlements Capacity: Initial Study (July 2017) states that there is already considerable pressure on existing services, facilities and infrastructure due to the level of development already planned and underway in Stotfold. The Site Assessment Technical Document Appendix D: Preliminary Site Assessment Results (July 2017) identifies that three sites comprising 20.86 hectares are to be considered in Stotfold as part of the Local Plan. We are concerned about the capacity of existing services and facilities and will expect Central Bedfordshire to satisfy themselves that sufficient provision for services, facilities and infrastructure is made on-site or within Stotfold without placing pressure on neighbouring towns.

Area D

We note that Area D is identified for small and medium scale growth given the settlement pattern and constrained infrastructure on p.65 of the consultation document.

We can see from the Site Assessment Technical Document Appendix D: Preliminary Site Assessment Results (July 2017) that Stondon has 14 sites (total 87.78 hectares) and Langford has 11 sites (total 32.68 hectares) that are to be considered as part of the Local Plan following this Regulation 18 consultation. We request that you will continue to work constructively with North Hertfordshire in considering these potential allocations given the likely impacts on both infrastructure and highways.

Employment and Jobs

As set out in the MoU recently signed between our authorities, we have worked together to identify the geography of the Functional Economic Market Area (FEMA)



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(2015) and agree that the shortfall of employment land arising from Stevenage should be delivered within this geographic area.

We acknowledge that the draft Local Plan makes provision for 24,000-30,000 jobs over the plan period in the Spatial Strategy Approach at paragraph 7.5.1 of the draft Local Plan. We understand that there is an allowance within this range for the unmet employment land need arising from Stevenage, should this not be achieved within the North Hertfordshire authority area. We are satisfied with this approach as it reflects both of the MoUs signed between each of our authorities with Stevenage Borough Council, and provides flexibility in addressing this shortfall.

We understand that this provision, if required, would be met at the Biggleswade South Roundabout on the A1, however we consider that it is vital that the resulting traffic impacts are fully taken into account given the level of proposed development in this wider area (see also 'Transport' below).

We understand that the Functional Economic Market Assessment and Employment Land Review (May 2016) identifies good economic potential across Central Bedfordshire and that existing employment sites should be safeguarded in the short to medium term until new sites are brought forward.

We note that a number of employment sites are under consideration for the Local Plan, including the RAF Henlow, land west of the A1 Biggleswade and East of Biggleswade, West Sunderland Farm. We would welcome opportunity to discuss these allocations, along with the Biggleswade South Roundabout on the A1 site, further with yourselves following the outcomes of this consultation on highways and infrastructure grounds.

In terms strategic level projects, as noted on p.53 of the draft Local Plan, we recognise the importance of the opportunities arising from the Oxford to Cambridge Corridor, which has great potential to act as a catalyst for economic growth and investment. Nonetheless, maximising the benefits equally, of such strategic projects will be challenging and we therefore consider that close working between our authorities as well as other relevant authorities and infrastructure bodies will be critical to the success of these schemes.

Built and natural environment

Given the proximity of many major sites to the North Hertfordshire border (namely at Arlesey, Stondon, Stotfold and Henlow), it will be important that the character of existing settlements, and the broad spatial relationships between them, are not unduly eroded as a result of growth. This includes relationships with nearby settlements within North Hertfordshire (including our own proposals for their future growth).

We support your approach to create physical separation and visual buffering using soft landscaping to ensure separation between the envisaged extension to Arlesey and neighbouring settlements to prevent coalescence; and, consider it critical that



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this consideration is also made of the need to prevent coalescence with Letchworth Garden City.

We support the proposed creation of a new Country Park for Arlesey and Stotfold as this has potential to deliver a number of green infrastructure benefits to both Central Bedfordshire and North Hertfordshire residents, as well as strengthening the green infrastructure network on a more strategic level. We therefore urge you to work together with us and Hertfordshire County Council (who are at the initial stages of developing a new Green Infrastructure Plan), to ensure that the benefits of the wider green infrastructure network can be maximised.

Transport

As set out in the MoU recently signed between our authorities in support of the North Hertfordshire Local Plan, and the representation we made to the 'Shaping Central Bedfordshire' consultation in November 2016, we largely support your approach to directing development to existing and planned transport corridors. However, there are a number of significant highway impacts resulting from the level of growth envisaged in your emerging Plan, which require comprehensive consideration.

As set out above in relation to potential growth at specific settlements there are likely to be significant impacts on the A1. Further routes of importance in terms of impacts on our authority area comprise the A505, A507/A600, Stotfold Road and Arlesey Road, which are all links eastwards and southwards towards Hitchin, Baldock and Letchworth Garden City.

We note that the transport modelling indicates that certain hotspots reoccur and that mitigation measures would need to be put in place. Of relevance to us is the identification of worsening or neutral conditions on the A507 that would have a high impact on road users.

It is imperative that these impacts are considered in relation to planned growth in North Hertfordshire, including but not limited to, strategic allocations at Letchworth Garden City, Baldock and Hitchin. Due to this, we ask that your authority shares the results of the next stage of transport modelling so that this can be evaluated in conjunction with the Hertfordshire County Council COMET transport model update.

It is also worth noting that there needs to be adequate consideration of the impact of the level of growth on the rail network, which is referred to at p.188 of the draft Local Plan in stating that all mainline stations are seeing a steady growth in passenger numbers and is set to continue during the plan period.

Given these identified issues, we support your approach to secure investment in road and rail networks. In particular, we support the aims of proposed Policy T6 Strategic Transport Improvements to support the delivery of strategic transport schemes including enhancements to the A1, East West Rail and supporting infrastructure, the Oxford to Cambridge Expressway and the A6 to M1 link road.

We would therefore request that you work in collaboration with ourselves, as well as other relevant organisations, including Highways England, Network Rail and



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Hertfordshire County Council as you finalise the site allocations to be taken forward and any required mitigation measures.

Infrastructure delivery

We welcome the recognition in your consultation document at paragraph 5.3.2 of the draft Local Plan that there are a number of potential large strategic sites across the area that would require significant developer contributions. Nonetheless, the absence of an Infrastructure Development Plan (IDP), even if at draft report stage, prevents full consideration of the infrastructure implications arising from the level of growth envisaged. Due to this, we recommend that a draft IDP is produced at the earliest opportunity to inform site selection as well as on-going discussions with ourselves and other infrastructure providers. This will ensure that any cross-boundary impacts are assessed in a robust manner and mechanisms for the capture of developer contributions can be put in place in a timely manner.

Next steps

We understand that a high level approach has been taken to this Regulation 18 consultation and request to be kept informed as further work is undertaken to establish allocations, plans and policies in greater detail.

We would encourage close working over the coming months in light of the likely infrastructure and transport implications arising from the scale of development proposed.

North Hertfordshire is firmly committed to meaningful cooperation between our authorities to enable our respective plans to be developed in a coordinated and positive manner. We look forward to ongoing engagement and the opportunity to comment once again during your Regulation 19 consultation.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'David Levett', with a long horizontal flourish extending to the right.

Councillor David Levett

Executive Member for Planning and Enterprise
North Hertfordshire District Council



30 August 2017

Planning Policy Team
Uttlesford District Council
Council Offices
London Road
Saffron Walden
Essex
CB11 4ER

Our Ref: PL12/LA
Your Ref:

Contact Officer: Laura Allen
Direct Line: 01462 474453
E-mail: laura.allen@north-herts.gov.uk

Dear Sir / Madam,

Uttlesford District Council Local Plan – Regulation 18 Consultation

Thank you for providing North Hertfordshire District Council with the opportunity to comment on the Uttlesford Regulation 18 Draft Local Plan Consultation Document.

The intention stated in the document to meet your objectively assessed need within your administrative area is supported and the strategy of distributing delivery across a number of different spatial approaches is understood.

As a neighbouring authority we have recently signed a Statement of Common Ground which confirms there are no strategic cross boundary issues as a result of the North Hertfordshire Submission Local Plan (2016).

The majority of the allocations in the emerging Uttlesford Local Plan are unlikely to have any significant impact on North Hertfordshire, however, there are likely to be strategic highways impacts, which warrant consideration in relation to the Duty to Cooperate.

In particular, the Uttlesford District Transport Study and the South Cambridgeshire Junction Assessments report identifies that there will be notable impacts on the A505 resulting from the proposed developments, including the proposed North Uttlesford Garden Community that lies to the east of our District.

Given proposed development in the Luton area, and in the towns of Hitchin, Letchworth, Baldock and Royston within North Hertfordshire up to 2031 and possibly beyond, it will be critical to ensure that full consideration is given to potential cumulative impacts on the highway network along the A505 corridor. We note that this is mirrored in the South Cambridgeshire Junction Assessments report at paragraph 9.2.15, which recommends that for the longer term a detailed A505 corridor study is undertaken.

As such, we would encourage further discussions under the Duty to Cooperate with the District Council, relevant neighbouring authorities including Hertfordshire County

NORTH HERTFORDSHIRE DISTRICT COUNCIL

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Council and other interested parties in the future to address the potential longer term impacts on the A505 corridor as the Plan progresses, and depending on the final strategy taken forward in the Proposed Submission Local Plan.

Please feel free to contact me to discuss any of the above comments in detail.

Yours sincerely,

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

Cllr David Levett
Executive Member for Planning and Enterprise

CABINET 26 SEPTEMBER 2017
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*PART 1 – PUBLIC DOCUMENT	AGENDA ITEM No. 8
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TITLE OF REPORT: FIRST QUARTER REVENUE MONITORING 2017/18

REPORT OF THE HEAD OF FINANCE, PERFORMANCE AND ASSET MANAGEMENT
EXECUTIVE MEMBER: COUNCILLOR JULIAN CUNNINGHAM
COUNCIL PRIORITY: RESPONSIVE AND EFFICIENT

1. EXECUTIVE SUMMARY

1.1 The purpose of this report is to inform Cabinet of the summary position on revenue income and expenditure forecasts for 2017/18, as at the end of the first quarter (30 June 2017). The forecast variance is an increase of **£208k** on the net working budget of **£17.022m** for 2017/18, with an ongoing impact in future years of **£158k**. There are a number of significant variances within these totals, which are detailed and explained in table 2. The report also provides an update on;

- the progress with the planned delivery of efficiencies (paragraph 8.3)
- the use of budget approved to be carried forward from 2016/17 (paragraph 8.4)
- performance against the four key corporate 'financial health' indicators (para 8.5)
- the overall forecast funding position for the Council and factors that may affect this (paras 8.6 – 8.13)

2. RECOMMENDATIONS

- 2.1 That Cabinet note this report.
- 2.2 That Cabinet approves the changes to the 2017/18 General Fund budget, as identified in table 2 and paragraph 8.2, a £208k increase in net expenditure.
- 2.3 That Cabinet notes the changes to the 2018/19 General Fund budget, as identified in table 2 and paragraph 8.2, a £158k increase in net expenditure. These will be incorporated in to the draft revenue budget for 2018/19.

3. REASONS FOR RECOMMENDATIONS

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

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Budget holders have considered the options to manage within the existing budget but consider the variances reported here necessary and appropriate.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

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

6. FORWARD PLAN

- 6.1 This report contains a recommendation on a key decision that was first notified to the public in the Forward Plan on the 27th June 2017.

7. BACKGROUND

- 7.1 Council approved the revenue budget in February 2017 of £16.545 million. As at quarter 1 the working budget has increased to £17.022 million. Table 1 below details the approved changes to this budget to get to the current working budget:

Table 1 - Current Working Budget

	£k
Original approved budget for 2017/18	16,545
Proposed Crematorium at Wilbury Hills Cemetery - Interim Report On Business Case – approved by Cabinet 28 th March 2017	50
Quarter 3 2016/17 Revenue Monitoring report - 2017/18 budget changes approved by Cabinet (March 2017)	199
2016/17 Revenue Outturn Report - 2017/18 budget changes approved by Cabinet (June 2017)	228
Current Working Budget	17,022

8. RELEVANT CONSIDERATIONS

REVENUE INCOME AND EXPENDITURE FORECASTS

- 8.1 Service Managers are responsible for monitoring their expenditure and income against their working budget. Table 2 below highlights those areas where there are forecast to be differences. An explanation is provided for each of the most significant variances, which are generally more than £25k. The final column details if there is expected to be an impact on next year's (2018/19) budget:

Table 2 - Summary of forecast variances

Budget Area	Working Budget £k	Forecast £k	Variance £k	Reason for difference	Estimated Impact on 2017/18 £k
Employer Pension Contribution	+2,379	+2,513	+134	Forecast variance follows the publication of the 2017 Pension Scheme revaluation. The Scheme's Actuary has advised that over the next three years NHDC make a minimum contribution to the pension scheme of an annual lump sum payment of £1.006m plus a contribution equivalent to 18.6% of pensionable pay. The original budget estimates for 2017/18 were based on an estimated increase in the lump sum of £558k (to £1.123m) and a contribution percentage of 15.5%. A further £100k pension cost provision was included in the budget estimates from 2018/19, which therefore reduces the ongoing impact in comparison to the original published estimates.	+34
Investment Interest Income	-267	-327	-60	Increase in income is due to both higher than planned cash balances available for investment at the start of the year, while longer-term investment deposits have been placed at an average annual interest rate of 1.0%, which is greater than the 0.7% estimated rate of interest on which the budget was calculated.	0
Telephones – Line Rental Costs	+41	+29	-12	Following the installation of the new telephony system, there were some lines that were still under old contracts. The majority of these have now come to an end and moved on to the new system. This results in an estimated annual saving of £12k. This saving is additional to the permanent £24k annual saving on call charges reported last year.	-12
Stationery Purchases	+28	+15	-13	The centralisation of the stationery budget has helped to highlight the likely underspend on this provision, while improved stock management has kept expenditure on new stationery to a minimum.	-13
Parking - Penalty Charge Notice Income	-410	-531	-121	Annual income recorded from PCNs issued in recent years has been consistently higher than the expectation within the base budget. The variance reported and the estimated ongoing impact is therefore to align budget estimates with the current level of activity.	-121
Pest Control Service	+27	+8	-19	The full commercialisation of the pest control service from April 2017 was agreed as part of the contract renewal.	-27

Budget Area	Working Budget £k	Forecast £k	Variance £k	Reason for difference	Estimated Impact on 2017/18 £k
Hitchin Town Hall Community Facility Income	-287	-245	+42	The delayed opening of the Café and Museum has reduced the income expectation from the facility in this year. The opening of the museum and café was expected to increase the footfall around the facility and so help in raising awareness of what services and activities are available. Lower than expected income from the facility was identified as a financial risk.	0
Trade Refuse – Tipping Charges	+332	+303	-29	Reduction in estimated tipping charge costs follows the trend of declining trade residual waste tonnages taken to landfill in recent years.	-29
Commercial Recycling – Customer Income	-41	-83	-42	Growth in projected income is due to a combination of the increase in prices charged for the service, and that the 17/18 forecast is inclusive of a full year of income from schools. Invoicing schools in receipt of the service commenced in October 2016.	-42
Paper Recycling Income				The volume of paper collected for recycling continues to decline. The use of electronic devices, such as tablets and smart phones, has impacted on the sales of print media and this would appear to be a long term trend.	
Sale of materials collected	-435	-404	+31		+31
HCC Recycling Credit	-161	-151	+10		+10
TOTAL	-596	-555	+41		+41
Community Development Grants for Building and Playground Refurbishment	+33	0	-33	These grants have been replaced by the Community Facilities Capital Project Fund.	-33
Housing Benefit – Contribution to bad debt provision in respect of benefit overpayments income	+100	+316	+216	The total value of debt outstanding in relation to benefit overpayments has increased year on year. Where benefit overpayments have been identified in previous years it is often difficult to recover the amounts owed. In a number of cases repayment plans are put in place. This means that some of the remaining amounts owed are quite old. It is prudent to make a bad debt provision to reflect that these amounts may not be received. The forecast variance and ongoing impact is based on the experience of the last two years, where the level of movement in the bad debt provision and the level of income raised from benefit overpayments have remained consistent.	+216

Budget Area	Working Budget £k	Forecast £k	Variance £k	Reason for difference	Estimated Impact on 2017/18 £k
Planning Fees Income	-683	-775	-92	Planning application and pre-application fees received in quarter one are significantly above the budgeted expectation. Further growth in this income stream, based on the successful adoption of the Local Plan, was included as an additional income generation proposal in the 2017/18 Corporate Business Planning process and is already incorporated in the budget estimates for future years.	0
Careline Net Direct Trading Expenditure	-392	-182	+210	Careline continues to make progress with the reform of its operating model. However, the 2017/18 outturn position is likely to show a reduced surplus as the costs of a new website, increased infrastructure costs, and the loss of corporate customers (which was identified as a financial risk).	+175
Total of explained variances	+264	+486	+222		+189
Other minor balances	16,758	16,744	-14		-31
Overall Total	17,022	17,230	+208		+158

- 8.2 Cabinet are asked to approve the differences highlighted in the table above (a £208k increase in spend), as an adjustment to the working budget (recommendation 2.2). Cabinet are asked to note the estimated impact on the 2018/19 budget (a £158k increase in budget) which will be incorporated in to the 2018/19 budget setting process (recommendation 2.3).
- 8.3 The original approved budget for 2017/18 (and therefore working budget) included efficiencies totalling £929k, which were agreed by Council in February 2017. Any under or over delivery of efficiencies will be picked up by any budget variances (table 2 above). However there can be off-setting variances which mean that is unclear whether the efficiency has been delivered. Where this is the case, this will be highlighted. The current forecast is a net overachievement of £50k. This relates to:
- Planning income; -£92k, as detailed in table 2 above.
 - Hitchin Town Hall income; +£42k, as detailed in table 2 above.
- 8.4 The working budget for 2017/18 includes budgets totalling £642k that were carried forward from the previous year. These are generally carried forward so that they can be spent for a particular purpose that had been due to happen in 2016/17 but was delayed into 2017/18. At quarter one, it is forecast that one carry forward will not be spent. This relates to the carry forward of £20k for the migration of the NHDC building control service onto the single IT platform of the Hertfordshire Building Control trading company. Hertsmere Borough Council were able to fund this through their existing budgets, so NHDC have not been asked to contribute to the cost of this work and the carry forward budget is not required. The impact of this on the General Fund forecast for 2017/18 is included within the 'other minor balances' total in table 2 above. All other carry forward budgets are expected to be spent in 2017/18.

- 8.5 There are 4 key corporate 'financial health' indicators identified in relation to key sources of income for the Council. Table 3 below shows the income to date and forecasts for the year. A comparison is made to the original budget to give the complete picture for the year. Each indicator is given a status of red, amber or green. A green indicator means that they are forecast to match or exceed the budgeted level of income. An amber indicator means that there is a risk that they will not meet the budgeted level of income. A red indicator means that they will not meet the budgeted level of income. Currently all the indicators are green.

Table 3- Corporate financial health indicators

Indicator	Status	Original Budget £k	Actual income to date £k	Forecast income for the year £k	Projected Variance £k
Planning Application Fees (including fees for pre-application advice)	Green	(683)	(358)	(775)	(92)
Land Charges	Green	(174)	(40)	(174)	0
Car Parking Fees	Green	(1,813)	(427)	(1,813)	0
Parking Penalty Charge Notices	Green	(410)	(156)	(532)	(121)

FUNDING, RISK AND GENERAL FUND BALANCE

- 8.6 The Council's revenue budget is funded from the following main sources; Council Tax, New Homes Bonus, Retained Business Rates and Revenue Support Grant. The Council was notified by Central Government in February of the respective amounts of New Homes Bonus and Revenue Support Grant funding it can expect to receive in 2017/18 and has planned accordingly.
- 8.7 Council Tax and Business Rates are accounted for in the Collection Fund rather than directly in our accounts, as we also collect them on behalf of others (e.g. County Council). Each organisation has a share of the balance on the Collection Fund account. Both are affected by collection rates, which is the proportion of what is billed that is actually received. Business Rates are heavily affected by appeals and reliefs. Business rates are based on a rateable value that is calculated by the Valuation Office Agency and some businesses have been able to show that this value is incorrect and appeal against it. The amount that is refunded as a result of a successful appeal can go back a number of years. Central Government have implemented a number of reliefs to reduce the burden of business rates and therefore promote business growth. The Council receives compensation for these reliefs in the form of a grant, which goes in to our funds rather than the Collection Fund. We are holding this amount in a reserve.
- 8.8 The actual deficit incurred on the Business Rates Collection Fund for 2016/17 was £820k. The required contribution to the Collection Fund from the General Fund in 2017/18 is however based on the estimated deficit for 2016/17 of £741k calculated as at January 2017 and declared in the Business Rates return to Central Government. This contribution is funded from the grant held in reserve. The £79k difference between the actual deficit and the January estimate is included in the calculation of the estimated surplus/deficit for the current year 2017/18. The corresponding additional contribution required to the Collection Fund from the General Fund will therefore be made in 2018/19.
- 8.9 In 2016/17 grant was transferred from the reserve to the General Fund equivalent to the actual deficit incurred for 2015/16 (rather than the estimate submitted in January 2016). This transfer was £368k greater than the contribution required to be made from the General Fund to the Collection Fund. This amount will therefore be deducted from the

transfer from reserve to fund the £741k contribution (as referred to above) required in 2017/18. This ensures that the drawdown from reserve over the two years is equivalent to the contribution required for 2016/17 and 2017/18.

- 8.10 Current forecasts for 2017/18 are that there will be a surplus on our share of Council Tax of approximately £260k and a deficit on Business Rates of around £115k. Use of the amount held in the reserve, currently projected to be £374k at the end of the year, should mitigate the impact on the General Fund balance in 2018/19 of the contribution to the Collection Fund to cover the Business Rates deficit recorded for 2017/18.
- 8.11 The Council is also subject to a business rates levy from Central Government as it is expected that NHDC will collect more in business rates than the baseline need determined by Central Government. The estimated levy required is currently forecast to be £600k. The payment of the levy will be funded from the grant held in reserve. NHDC and the other authorities that previously formed the Hertfordshire Business Rates pool are currently reviewing whether reforming a pool for financial year 2018/19 would be financially worthwhile (if the option continues to be available).
- 8.12 The projection of the level of business rates income retained by the Council in 2017/18 at the start of the year was based on the Council's business rates funding baseline need, as published annually by central government in the Local Government Finance Settlement. The baseline need is approximately the minimum that the Council can expect to retain from the total of business rates collected. At quarter one this forecast has been updated to reflect the Council's estimate of business rates income in 2017/18 (as declared to central government in January 2017) with the result being an increase of £362k in the funding expectation.
- 8.13 The minimum level of General Fund balance is determined based on known and unknown risks. Known risks are those things that we think could happen and we can forecast both a potential cost if they happen, and percentage likelihood. The notional amount is based on multiplying the cost by the potential likelihood. The notional amount for unknown risks is based on 5% of net expenditure. There is not an actual budget set aside for either of these risk types, so when they occur they are reflected as budget variances (see table 2). We monitor the level of known risks that actually happen, as it highlights whether there might be further variances. This would be likely if a number of risks come to fruition during the early part of the year. We also use this monitoring to inform the assessment of risks in future years. The notional amount calculated at the start of the year for known risks was £795k, and by the end of quarter one a total of £144k have come to fruition. The three identified risks realised in the first quarter relate to;
- Lower than anticipated income from Hitchin Town Hall due to the delay to the opening of the North Herts Museum and Cafe (as detailed in table 2). £42k
 - Failure to meet projected Careline sales income as a result of the loss of a corporate client (as detailed in table 2) £96k
 - Planning consultant costs incurred in responding to an appeal made against a planning application decision (included within 'other minor balances' in table 2) £6k

Table 4 – Known financial risks

	£'000
Original allowance for known financial risks	795
Known financial risks realised in quarter 1	(144)
Allowance for known financial risks remaining	651

8.14 Table 5 below summarises the impact on the general fund.

Table 5 – Forecast General Fund impact

	Working Budget £k	Q1 Projected Outturn £k	Difference £k
Brought Forward balance (1st April 2017)	(8,235)	(8,235)	-
Projected Net Spend	17,022	17,230	208
Funding (Council Tax, Business Rates, RSG)	(15,188)	(15,556)	(368)
Contribution to Collection Fund	0	741	741
Funding from Reserves (including Business Rate Relief Grant)	0	(373)	(373)
Carried Forward balance (31st March 2018)	(6,401)	(6,193)	208

9. LEGAL IMPLICATIONS

9.1 The Cabinet has a responsibility to keep under review the budget of the Council and any other matter having substantial implications for the financial resources of the Council. By considering monitoring reports throughout the financial year Cabinet is able to make informed recommendations on the budget to Council. The Council is under a duty to maintain a balanced budget and to maintain a prudent balance.

10. FINANCIAL IMPLICATIONS

10.1 Members have been advised of any variations from the budgets in the body of this report and of any action taken by officers.

11. RISK IMPLICATIONS

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

12. EQUALITIES IMPLICATIONS

12.1 In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.

12.2 For any individual new revenue investment proposal of £50k or more, or affecting more than two wards, a brief equality analysis is required to be carried out to demonstrate that the authority has taken full account of any negative, or positive, equalities implications; this will take place following agreement of the investment.

13. SOCIAL VALUE IMPLICATIONS

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

14. HUMAN RESOURCE IMPLICATIONS

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

15. APPENDICES

- 15.1 None.

16. CONTACT OFFICERS

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- 16.6 Reuben Ayavoo, Policy Officer
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17. BACKGROUND PAPERS

- 17.1 Budget Estimate Book 2017/18.
- 17.2 Statement of Accounts 2016/17.

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CABINET 26 SEPTEMBER 2017
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PART 1 – PUBLIC DOCUMENT	AGENDA ITEM No.
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TITLE OF REPORT: TREASURY MANAGEMENT FIRST QUARTER 2017/18

REPORT OF: THE HEAD OF FINANCE, PERFORMANCE AND ASSET MANAGEMENT
EXECUTIVE MEMBER: CLLR JULIAN CUNNINGHAM
COUNCIL PRIORITY: RESPONSIVE AND EFFICIENT

1. EXECUTIVE SUMMARY

- 1.1 To inform Cabinet of the Treasury Management activities in the first quarter of 2017/18 to the end of June. The current forecast is that the amount of investment interest expected to be generated during the year is £0.327 million. This is an increase of £0.060 million on the original budget.
- 1.2 To inform Cabinet of the performance against the Prudential and Treasury indicators detailed in the appendix to this report. During the first quarter the Council has operated within the treasury and prudential indicators as set out in the Treasury Management Strategy Statement and in compliance with the Council's approved Treasury Management Practices.

2. RECOMMENDATIONS

- 2.1 Cabinet is asked to note the position of Treasury Management activity as at the end of June 2017.

3. REASONS FOR RECOMMENDATIONS

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

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 The primary principle governing the Council's investment criteria is the security of its investments, which includes credit, liquidity and market risk (see section 8 below). After this the return (or yield) is then considered, which provides an income source for the Council. The Council's appetite for risk is determined by the Treasury Strategy, which is reviewed each year. In general, greater returns can be achieved by taking on greater risk. Our current strategy has meant that we have been able to achieve a yield that is above the average achieved by the Capita Hertfordshire and Buckinghamshire Investment Benchmarking Group.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 There is ongoing dialogue with the Authority's Cash Manager, Tradition and regular meetings with Treasury advisors (Capita).

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 27 June 2017.

7. BACKGROUND

- 7.1 Members adopted the 2017/18 Treasury Strategy at the meeting of full Council on the 9 February 2017.

- 7.2 Capita Asset Services Ltd were first contracted to provide Treasury advice for the financial year 2012/13 and this arrangement has been extended until 2017/18, taking advantage of a reduced annual contract cost. The service includes:

- Regular updates on economic and political changes which may impact on the Council's borrowing and investment strategies
- Information on investment counterparty creditworthiness
- Technical updates
- Access to the Technical Advisory Group.

8. RELEVANT CONSIDERATIONS

- 8.1 Appendix A provides the Treasury Management update at the end of the first quarter. This document contains economic background, an interest rate forecast and summary outlook provided by Capita for background context to Treasury activities. The remainder of the document contains an update on the Council's investment strategy.

- 8.2 In summary, during the first quarter the Council has operated within the treasury and prudential indicators as set out in the Treasury Management Strategy Statement and in compliance with the Treasury Management Practices.

- 8.3 The Council generated £0.088 million of interest during the first three months of 2017/18. The average interest rate agreed on new deals during the first quarter by Tradition was 1.0% and in house was 0.33%. The average interest rate on all outstanding investments at the 30 June was 1.09%.

- 8.4 The Council's activities expose it to a variety of risks (credit, liquidity and market). The Treasury Strategy sets out the Authority's appetite for the level of exposure to these risks.

- 8.5 **Credit Risk** is the possibility that other parties fail to pay back amounts that have been invested by the Council. This risk is mitigated by assessing the counterparties with whom the Council invests. For banks and building societies that are credit rated by Fitch, they must have a rating greater than BBB. Where building societies do not have a credit rating, then the level of investment is assessed against the overall assets of the institution. Due to the different risks that they are exposed to, the Council splits its investments between banks and building societies and can have a maximum of 75% invested in each.

8.6 The Council also invests with other Local Authorities and Public Corporations (when appropriate opportunities are available) and in Money Market Funds. Money Market Funds are limited to 25% of total investments. A Money Market Fund is a regulated, stand-alone pooled investment vehicle which actively invests its assets in a diversified portfolio of mainly high grade, short-term money market instruments.

8.7 As at 30 June the split of investments was:

Banks	32%
Building Societies	57%
Money Market Funds	11%

8.8 **Liquidity Risk** is the possibility that the Authority may not have funds available to meet its commitments to make payments.

8.9 Cash flow forecasts are prepared to determine the level of funds required to meet the day to day commitments with investments split between the Cash Manager and the In-House team. The In-House investments cover the day to day cash flow activity of the Council whilst the Cash Managers' investments take advantage of higher interest rates for longer term investments when they become available. The level of funds made available to the Cash Manager, currently a total balance of £28.5 million, is primarily determined by the level of expenditure on the Council's Capital programme. The average In-House balance of investments for the first three months was £15.2 million.

8.10 **Market Risk** is the possibility that financial loss might arise as a result of changes in interest rates.

8.11 Investing long term (greater than one year) currently achieves higher interest rates than short term deals. The risk of long term deals are two fold:

- (i) The longer the time period the longer the investment is exposed to default.
- (ii) If the investment has a fixed interest rate, interest rates could rise and the potential to invest at a higher rate will be lost until the investment matures.

8.12 Members have indicated that they are prepared to accept the market risk within the limits expressed in the Treasury Strategy, which allows up to 40% of investments to be invested for longer than 364 days at any one time. At the end of the first quarter the Council had 13.4% (£5.5 million) invested for longer than 364 days. During the first quarter Tradition placed four investments for longer than a year. Three were at 1.0% and the fourth was 1.1%.

8.13 The **return (or yield)** that the Council achieves is affected by both the level of risk as well as general market conditions. It continues to prove challenging to find acceptable counterparties willing to pay a reasonable return on cash investments, either long or short term. This issue is expected to continue during 2017/18 and beyond. This is emphasised by the Bank of England decision to keep base rate at 0.25% since August 2016, which resulted in a down turn in the level of return offered on cash investments.

8.14 The Council has a negative **Capital Financing Requirement** (CFR) of £16.6 million (as at 31st March 2017), which reflects that it has a high level of cash investments and only £480k of borrowing. The Council currently only has historic borrowing which is not cost effective to repay early

9. LEGAL IMPLICATIONS

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

10. FINANCIAL IMPLICATIONS

- 10.1 The amount of investment interest expected to be generated during the year is £0.327 million.
- 10.2 Potential options for inclusion in the Treasury Strategy are considered as and when identified. Any proposals to amend the Strategy are reported to Full Council, via Cabinet, for approval.

11. RISK IMPLICATIONS

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

12. EQUALITIES IMPLICATIONS

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

13. SOCIAL VALUE IMPLICATIONS

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

14. HUMAN RESOURCE IMPLICATIONS

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

15. APPENDICES

15.1 Appendix A - Treasury Management Update June 2017.

16. CONTACT OFFICERS

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17. BACKGROUND PAPERS

Treasury Strategy 2017/18.

CIPFA Prudential Code for Capital Finance in Local Authorities.

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Capita Treasury solutions

Treasury Management Update Quarter Ended 30 June 2017

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Treasury Management Update

Quarter Ended 30 June 2017

The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management recommends that members be updated on treasury management activities regularly (TMSS, annual and midyear reports). This report, therefore, ensures this Council is implementing best practice in accordance with the Code.

1. Economic Background

The UK GDP annual growth rates in each calendar year 2013 – 2016 of 1.9%, 3.1%, 2.2% and 1.8%, have all been the top rate, or near top rate, of any of the G7 countries in every year. It is particularly notable that the UK performance was repeated in 2016, a year in which the Bank of England had forecast in August 2016 that growth would be near to zero in the second half of the year due to the economic shock it expected from the result of the Brexit referendum in June. However, it has had to change its mind and in its February and May 2017 Inflation Reports, the Bank upgraded its forecasts for growth (May Report - 2017 1.9%, 2018 and 2019 1.9%). However over these years, it also expects inflation to accelerate towards nearly 3% as increases in costs as a result of the fall in the value of sterling since the referendum, gradually feeds through into the economy, though it should fall back to 2.2% in 2019. Provided those cost pressures do not feed through into significantly higher domestically generated inflation within the UK, the MPC is expected to ‘look through’ this one off blip upwards in inflation. Wage inflation, which is a key driver of domestically generated price pressures, is currently subdued. There is, though, a potential risk that the MPC might muster a majority to reverse the emergency 0.25% rate cut before embarking on a progressive trend of increases in Bank Rate at a later time.

GDP growth in the US has been highly volatile in 2016 but overall mediocre, at an average of 1.6% for the year. Quarter 1 in 2017 has also been mediocre at 1.4% but current indications are that growth could rebound strongly in quarter 2. The disappointment so far has been the lack of decisive action from President Trump to make progress with his promised fiscal stimulus package. The Fed has, therefore, started on the upswing in rates now that the economy is at or around “full employment” and inflationary pressures have been building to exceed its 2% target. It has, therefore, raised rates four times, with the last three following quickly on one another in December 2016 and March and June 2017. One or two more increases are expected in 2017 and possibly four in 2018.

Growth in the EU improved in 2016, to 1.7%, after the ECB cut rates into negative territory and embarked on massive quantitative easing during the year. The ECB is now forecasting growth of 1.9% in 2017, 1.8% in 2018 and 1.7% in 2019. It has committed to continuing major monthly quantitative easing purchases of debt instruments, though in April 2017 it reduced the rate from €80bn per month to €60bn, to continue until the end of 2017, in order to stimulate growth and to get inflation up to its 2% target.

There are major concerns about various stresses within the EU; these could even have the potential to call into question the EU project. The Dutch and French elections passed off without creating any waves for the EU but we still have a national election in Germany on 22 October; this is not currently expected to cause any significant change. What could be more problematic is the general election in Austria on 15 October where a major front runner is the Freedom Party which is strongly anti-immigration and anti EU. There is also a risk of a snap general election in Italy before the final end possible date of 20 May 2018. A continuing major stress point is dealing with the unsustainable level of national debt in Greece in the face of implacable opposition from Germany to any further bail out. High levels of unemployment in some EU countries and the free movement of people within the EU,

together with the EU's fraught relationship with Turkey in controlling such people movements, are also major stress issues. On top of which the EU also now has to deal with Brexit negotiations with the UK.

China is expected to continue with reasonably strong growth, (by Chinese standards), of 6.5% in 2017. However, medium term risks are increasing. Japan has only achieved 1% growth in 2016 and is struggling to get inflation to move from around 0%, despite massive fiscal stimulus and monetary policy action by the Bank of Japan.

2. Interest Rate Forecast

The Council's treasury advisor, Capita Asset Services, has provided the following forecast:

	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
Bank rate	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.75%	0.75%
5yr PWLB rate	1.40%	1.50%	1.60%	1.70%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.00%
10yr PWLB rate	2.10%	2.20%	2.30%	2.30%	2.40%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%
25yr PWLB rate	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%
50yr PWLB rate	2.60%	2.70%	2.70%	2.80%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%

The Monetary Policy Committee, (MPC), cut Bank Rate from 0.50% to 0.25% on 4th August 2016 in order to counteract what it forecast was going to be a sharp slowdown in growth in the second half of 2016. However, since then, growth has been robust until dipping in quarter 1 of 2017 to 0.2%. Also, CPI inflation has risen substantially as a result of the sharp fall in the value of sterling since the referendum. Consequently, Bank Rate has not been cut again, and market concern has switched to whether the MPC could get together a majority to reverse the August emergency 0.25% rate cut before embarking on a progressive trend of increases in Bank Rate at a later time when the economic and political / Brexit situation is more robust to withstand such increases. There is much uncertainty at this time over the slender majority the Conservative Government has, which is dependent on DUP support, and also over what form of Brexit will transpire and how difficult the EU could be in setting terms. There are therefore a multiplicity of ifs and buts at the current time and depending on how things transpire, then this will materially influence MPC decision making as to when Bank Rate will rise.

Accordingly, a first increase to 0.50% is not tentatively pencilled in, as in the table above, until quarter 2 2019, after the Brexit negotiations have been concluded, (though the period for negotiations could be extended). However, if strong domestically generated inflation, (e.g. from wage increases within the UK), were to emerge, then the pace and timing of increases in Bank Rate could be brought forward.

3. Annual Investment Strategy

The Treasury Management Strategy Statement (TMSS) for 2017/18, which includes the Annual Investment Strategy, was approved by the Council on 9th February 2017. It sets out the Council’s investment priorities as being:

- Security of capital;
- Liquidity; and
- Yield.

The Council will also aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity. In the current economic climate it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in higher rates in periods up to 24 months

Officers can confirm that the approved limits within the Annual Investment Strategy were not breached during the quarter ended 30 June 2017.

The average level of funds available for investment purposes in house during the quarter was **£15.2m**. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the Capital Programme. The Council holds **£28.5m** core cash balances for investment purposes (i.e. funds available for more than one year). The investment portfolio yield for the first 3 months of the year is 1.06%.

Investments at 30th June 2017

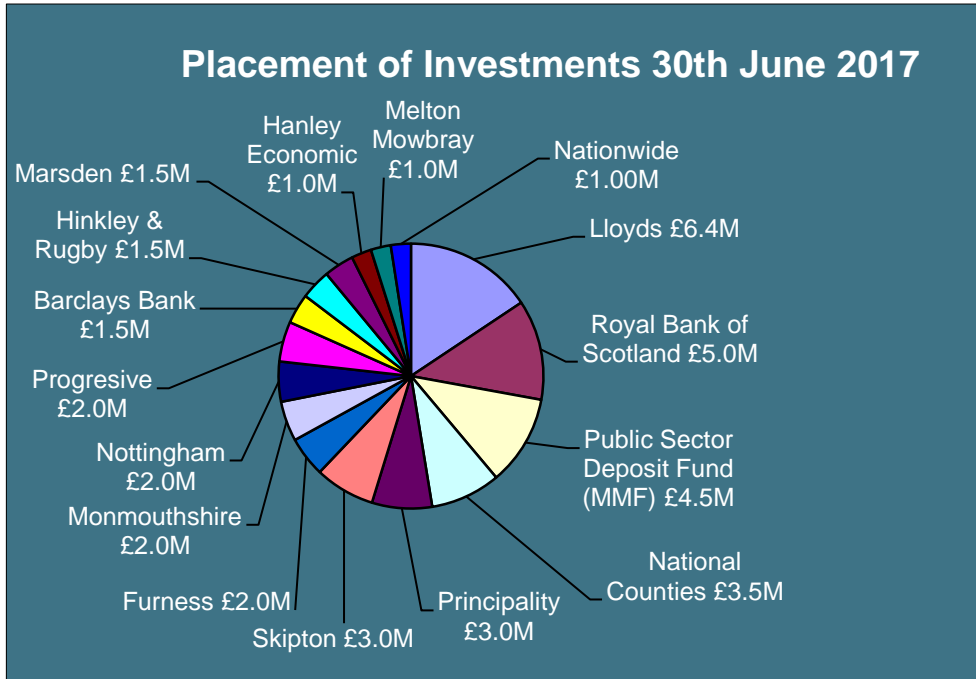
	Amount	Average
	£	Interest Rate %
Managed By NHDC		
Banks	7,900,000	0.61
Money Market Fund	4,500,000	0.30
NHDC To Total	12,400,000	0.57
Managed by Tradition		
Banks	5,000,000	0.97
Building Societies	23,500,000	1.15
Tradition Total	28,500,000	1.13
TOTAL	40,900,000	1.09

In percentage terms, this equates to:

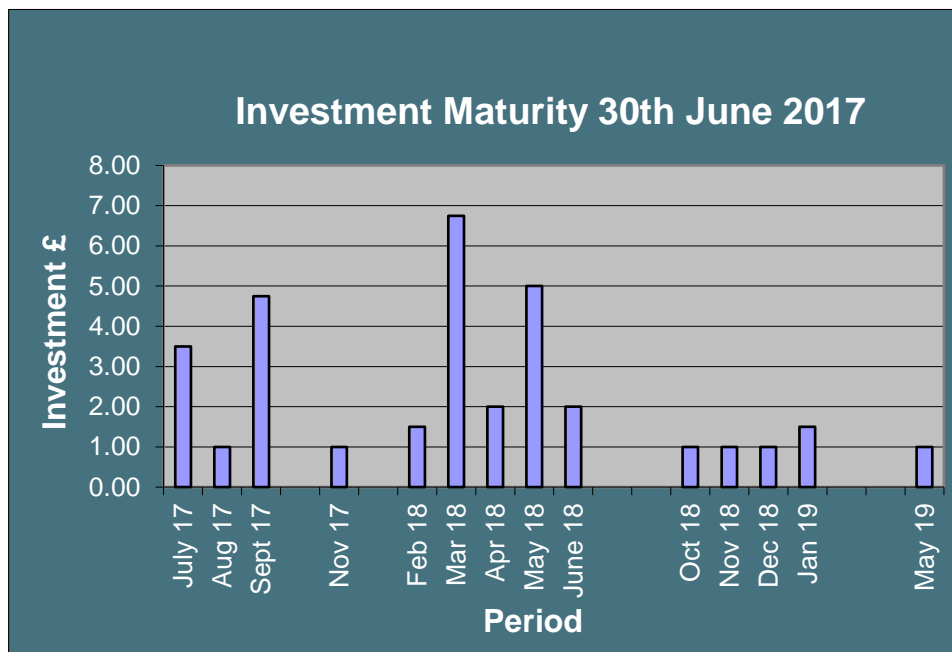
	Percentage
Money Market Funds	11.00
Banks	31.54
Building Societies	57.46

The approved 17/18 strategy is that no more than 75% of investments should be placed with Building Societies.

The pie chart below shows the spread of investment balances as at 30 June 2017. This is a snapshot in time that demonstrates the diversification of investments.

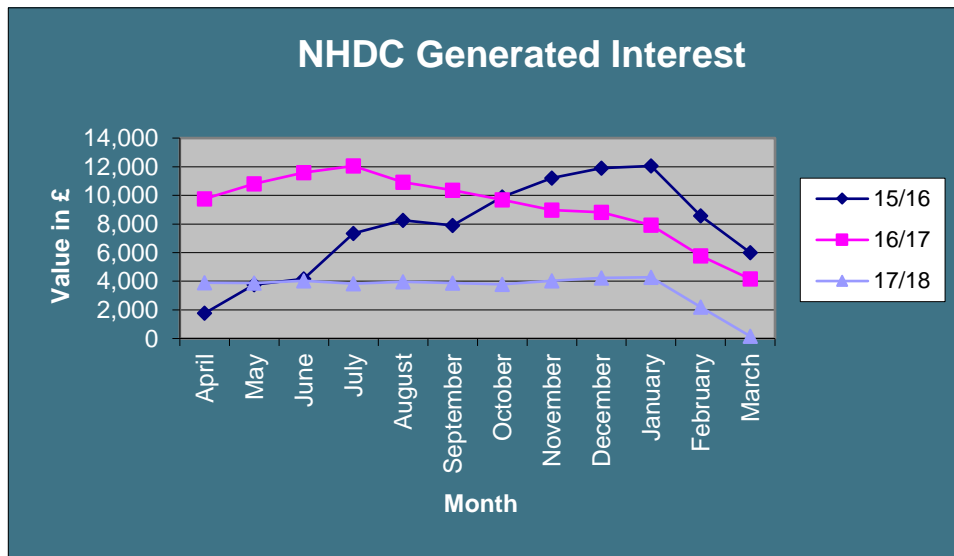


The chart below shows the Council's investment maturity profile. (This does not include the £4.5M held in the Public Sector Deposit Fund Money Market account or £3.4M held in the Lloyds current account which can be called back on any day). Tradition placed six new deals in the first quarter, four of which were for longer than a year. Of these four deals, three were at 1.0% and the fourth at 1.1%.



The Council's Original budgeted investment return for 2017/18 was £0.267M. The projection at the first quarter is £0.327M which is an increase of £0.060M. The increase is mainly due to Tradition deals having been budgeted at 0.7% but renewed at 1.0% and a higher level of investments at the start of they year.

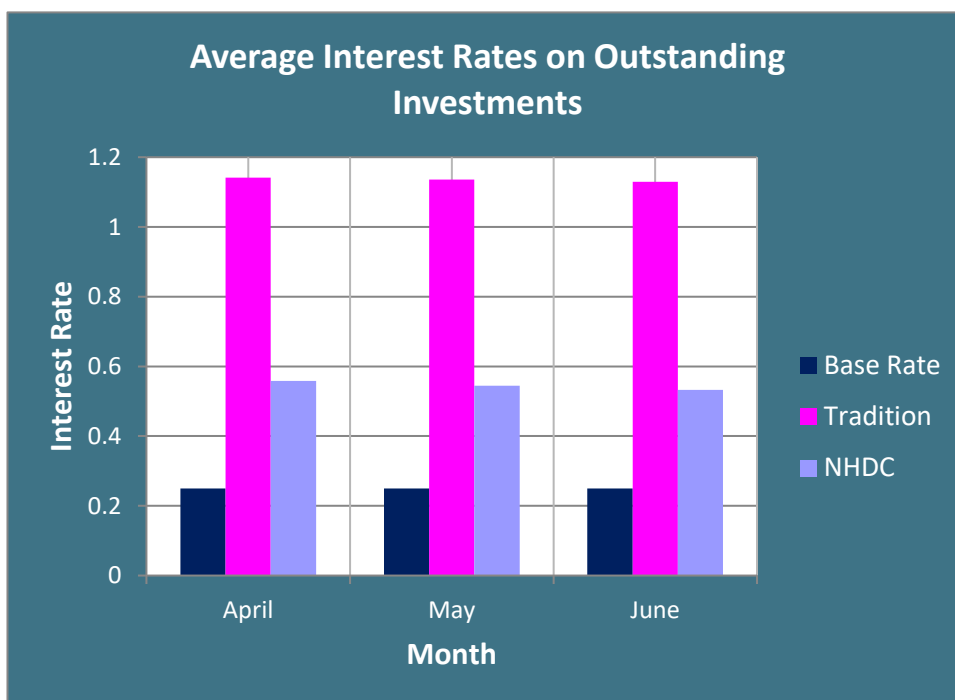
The graph below shows the level of interest expected to be generated from the cash available in-house over the year which is maintained to ensure adequate cash flow. Cash balances have historically reduced over January to March each year as there are less Council tax receipts in February and March.



The table below shows the average rates achieved on investments made during the first quarter.

Ave Interest Rate on Deals made in the 1st Qrt	
NHDC	0.33%
Tradition	1.00%

The graph below shows the average rate of interest on outstanding investments at 30th June.



As can be seen from the graph, the average rate of interest on outstanding investments for NHDC (cash managed internally) is consistently lower than that of the Cash Managers. This is because the investments made by NHDC during the year are to meet cash flow requirements and are therefore made for short periods. At present, rates for shorter periods are lower than for longer periods. The Cash Managers have more long term investments and the turnover of investments is small in comparison to NHDC.

The Chief Financial Officer confirms that the approved limits within the Annual Investment Strategy were not breached during the first quarter of 2017/18.

4. New Borrowing

No borrowing was undertaken during the quarter.

The Council's capital financing requirement (CFR) for 2017/18 is -£16.6m. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The CFR is negative as the Council has more cash investments than borrowing. The balance of external and internal borrowing is generally driven by market conditions.

It is anticipated that long term borrowing will not be undertaken during this financial year. The table below gives an indication of the rates that the Council could currently borrow at.

PWLB maturity certainty rates quarter ended 30 June 2017

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	0.80%	1.14%	1.78%	2.53%	2.27%
Date	03/05/2017	15/06/2017	15/06/2017	13/04/2017	13/04/2017
High	1.08%	1.44%	2.08%	2.75%	2.48%
Date	30/06/2017	30/06/2017	30/06/2017	30/06/2017	09/05/2017
Average	0.87%	1.23%	1.89%	2.60%	2.34%

Loans Outstanding at 30 June 2017

	Amount	Average Interest Rate	Cumulative Rate
	£	%	%
Public Works Loans Board	480,387	9.4317	8.5616
Lender Option Borrower Option	0		
	480,387	9.4317	8.5616

5. Debt Rescheduling

No debt rescheduling was undertaken during the quarter.

6. Compliance with Treasury and Prudential Limits

It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. The Council's approved Treasury and Prudential Indicators, (affordability limits), are included in the approved TMSS.

During the quarter ended 30 June 2017, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement and in compliance with the Council's Treasury Management Practices. The prudential and treasury Indicators are shown in Appendix 1.

APPENDIX 1: Prudential and Treasury Indicators as at 30 June 2017

Treasury Indicators	2017/18 Budget £'000	Quarter 1 (Apr - Jun) Actual £'000
Authorised limit for external debt The maximum level of borrowing set by Council which can not be exceeded.	6,000	480
Operational boundary for external debt The limit beyond which external debt is not normally expected to exceed, based on gross external debt	4,000	480
Gross external debt Based on current level of debt, plus an allowance for additional debt if it was required	3,480	480
Investments Level of cash investments, expect actuals to exceed this early in the year as linked to capital spend during the year.	(31,500)	(40,900)
Net borrowing Investments less Gross external debt	(28,020)	(40,420)

Maturity structure of fixed rate borrowing - upper and lower limits		
Under 12 months	25	25
12 months to 2 years	16	16
2 years to 5 years	53	53
5 years to 10 years	96	96
10 years to 20 years	40	40
20 years to 30 years	250	250

The budget represents the structuring of borrowing that was in place at the start of the year. No new borrowing has been taken out so the position is still in line with budget.

Upper limit of fixed interest rates based on net debt At least 70% of investments should be at fixed rates. Currently only the Money Market Fund investment is at a variable rate.	70% - 100%	89.0%
Upper limit of variable interest rates based on net debt See above.	0% - 30%	11.0%

Upper limit for principal sums invested over 364 days Up to 40% of investments (by value) can be for more than one year.	Max 40%	13.4%
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Prudential Indicators	2017/18 Budget £'000	Quarter 1 (Apr - Jun) Actual £'000
Capital expenditure The budget is the expected capital expenditure during the year. The actual total is spend to date. Only at the end of the year will actuals get close to the budget.	20,590	1,874
Capital Financing Requirement (CFR) The total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. The year end position reflects the budgeted capital spend during the year. A negative total means that there is no borrowing requirement.	(2,286)	(16,642)
In year borrowing requirement	0	0
Ratio of financing costs to net revenue stream Net expenditure/ (income) from borrowing and investments, as a % of the Council's net revenue. This is negative as the Council is currently receiving a net income from investments.	-1.60%	-2.08%

Incremental impact of capital investment decisions on Band D Council Tax This reflects the expected impact of the net change in financing costs/ income compared to the previous year. This is represented by the theoretical change in Band D Council Tax that would be required to fund this change.	1.13%	1.13%
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CABINET 26 SEPTEMBER 2017
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PART 1 – PUBLIC DOCUMENT	AGENDA ITEM No. 10
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TITLE OF REPORT: FIRST QUARTER CAPITAL MONITORING 2017/18

REPORT OF THE HEAD OF FINANCE, PERFORMANCE AND ASSET MANAGEMENT
EXECUTIVE MEMBER: CLLR JULIAN CUNNINGHAM
COUNCIL PRIORITY: RESPONSIVE AND EFFICIENT

1. EXECUTIVE SUMMARY

1.1 To update Cabinet on progress with delivering the capital programme for 2017/18, as at the end of June 2017, indicating its impact upon the approved capital programme for 2018/19 - 2020/21. The current estimate is a decrease in spend in 2017/18 from that reported in the Capital Programme Outturn report for 2016/17 of £5.451million, and an increase in spend in future years of £5.234 million. The most significant individual change is that the Council was not granted permission from DCLG to make a Capitalised Pension Fund Contribution.

2. RECOMMENDATIONS

2.1 That Cabinet notes the forecast expenditure of **£15.139million** in 2017/18 on the capital programme, paragraph 8.2 refers, and approves the changes detailed in table 3 which resulted in a net decrease on the working estimate of **£0.217million**.

2.2 That Cabinet notes the changes to the capital programme for 2018/19 and onwards as a result of the revised timetable of schemes detailed in table 2, increasing the estimated spend in 2018/19 by **£5.234million** (re-profiled from 2017/18). These will be incorporated in to the draft capital programme for 2018/19 onwards.

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

3. REASONS FOR RECOMMENDATIONS

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

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

4. ALTERNATIVE OPTIONS CONSIDERED

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

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

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

6. FORWARD PLAN

6.1 This report contains a recommendation on a key decision that was first notified to the public in the Forward Plan on the 27th June 2017.

7. BACKGROUND

7.1 In February 2017, Council approved the capital programme for 2017/18 to 2020/21. This was subsequently amended by reprogramming from 2016/17.

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

8. RELEVANT CONSIDERATIONS

Capital Programme 2017/18

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

8.2 Capital expenditure for 2017/18 is estimated to be **£15.139million**. This is a reduction of **£5.451million** on that forecast in the 2016/17 Capital Programme Outturn report (reported to Cabinet on 13th June 2017). The decrease in spend in 2017/18 is largely due to re-profiling spend into future years. Table 1 below details changes to capital programme.

Table 1- Current Capital Estimates

	2017/18 £M	2018/19 £M	2019/20 to 2020/21 £M
Original Estimates approved by Full Council February 2017	8.465	4.788	3.197
Changes approved by Cabinet in 2016/17 Capital Outturn report	12.125	-0.365	0.025
Revised Capital estimates at start of 2017/18	20.590	4.423	3.222
Changes detailed in this report	-5.451	5.234	0
Current Capital Estimates at Q1	15.139	9.657	3.222

8.3 Table 2 lists changes to the 2017/18 Capital Programme and the impact in subsequent years:

Table 2: Scheme Timetable Revision:

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

Scheme	2017/18 Working Budget £'000	2017/18 Forecast Spend £'000	Difference £'000	Reason for Difference	Estimated impact on 2018/19 onwards £'000
Pension Capitalisation	2,500	0	-2,500	This required approval from the Department for Communities and Local Government to grant a capitalisation request, where capital funding is used for what would usually be considered to be revenue purposes. When NHDC last made this type of application (3 years ago) it was granted. This time the application was denied on the basis that our reserves would still be above the minimum level at the end of 2020/21. Officers will continue to seek a change in the decision, and can also look at using the Capital Receipts Direction when sufficient capital receipts are generated.	2,500
Community Facilities Refurbishment	586	200	-386	Revised estimate is based on a forecast of the number of applications in each year and the time lag between the grant being approved and costs being incurred.	386
Provide Housing at Market Rents through NHDC Property Company	550	200	-350	Spend in 17/18 likely to be on the renovation of existing properties only. Property purchases will be made in future years.	350
Cycle Strategy Implementation	278	0	-278		278
Transport Plans Implementation	209	0	-209		209
Green Infrastructure Improvements	185	0	-185		185
Property Improvements	640	380	-260	Some of the works identified from condition surveys are no longer required as some buildings have or are being reprioritised in how they are managed, e.g. disposal, full repairing leases, possible future change of use. The overall list of condition survey works still requires the full budget allocation.	260

Scheme	2017/18 Working Budget £'000	2017/18 Forecast Spend £'000	Difference £'000	Reason for Difference	Estimated impact on 2018/19 onwards £'000
Trial Installation of On Street Charging	50	0	-50	These projects are subject to the agreed outcomes from the Parking Strategy Review, to be completed by March 2018.	50
Roll Out of On Street Parking Charging Pay & Display	235	0	-235		235
Hitchin Swim Centre Car Park	276	50	-226	The revised spend profile is based on a parking survey being undertaken, the Council being successful with the Public Enquiry, the appointment of consultants to finalise the design and produce tender documents, with an aim to undertake the work next financial year.	226
Bancroft Recreation Ground MUGA	170	0	-170	This project is dependent on external funding, which is unlikely to be secured until the next financial year.	170
Lairage Multi Storey Structural Repairs	126	6	-120	A Structural Engineer is currently performing monitoring works to ascertain the level of work required.	120
Walsworth Common Pitch Improvements	103	0	-103	This project is dependent on S106 funding, which is unlikely to be received until late 2017/18.	103
Off Street Car Parks Resurfacing	151	60	-91	A condition survey of car parks is currently being undertaken to establish the extent of works needed over the next several years.	91
Royston Civic Centre Redevelopment	41	0	-41	No longer needed for this project. Given that there has been no further action in developing this site, and the project is GAF funded, it is requested that this resource is reallocated to the Transport Plans budget given that there are likely to be projects emerging from these in the near future.	41
Walsworth Common Car Park	30	0	-30	These works cannot commence until after the bridge has been repaired and the pitch has been finished	30
Other minor changes			0		0
Total Revision to Budget Profile			-5,234		5,234

8.4 There are also changes to the overall costs of schemes in 2017/18. These changes total a net reduction of £0.260million and are detailed in Table 3:

Table 3: Changes to Capital Schemes Commencing in 2017/18:

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

Scheme	2017/18 Working Budget £'000	2017/18 Forecast Spend £'000	Difference £'000	Comments
Storage Facilities at Works Road	185	40	-145	Resource no longer needed. IT works to the property will be funded from the Disaster Recovery Capital budget
Refurbishment of DCO	5,105	5,268		
Careline refurbishment costs (Harkness Court)	43			
Warren Car Park Redevelopment	100	0	-100	Resource no longer needed. This budget was identified in case we wished to pursue a multi-storey car park if the civic centre site was developed and the car parking spaces were reduced. There has been little/no appetite for progressing development on the civic centre site.
Letchworth Multi Storey Car Park Enhancement	70	0	-70	Budget remaining after the completion of the enhancements to the multi-storey car park.
Dog / Litter Bins	0	40	40	Outturn represents the purchase of 80 new Litter Bins following the removal of 175 Dog Bins. This will result in a revenue saving on the emptying of Dog Bins.
Trip Hazards Hitchin Town Centre	25	0	-25	These works will be funded from the General Fund.
Other minor changes			-37	
Total revision to scheme spend			-217	

Capital Programme 2017/18 Funding onwards

8.5 Table 4 below shows how the Council will fund the 2017/18 capital programme.

Table 4: Funding the Capital Programme:

	2017/18 Balance at start of year	2017/18 Forecast Additions	2017/18 Estimated Use of Funding	2017/18 Forecast Balance at end of year
	£M	£M	£M	£M
Useable Capital Receipts	3.221	1.040	(2.406)	1.855
Set-aside Receipts	16.642		(11.423)	5.219
<i>S106 receipts</i>			(0.565)	
<i>Other third party grants and contributions</i>			(0.745)	
Total	19.863	1.040	(15.139)	7.074

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

9. LEGAL IMPLICATIONS

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

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

10. FINANCIAL IMPLICATIONS

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

10.2 The Authority operates a 10% tolerance limit on capital projects and on this basis over the next four-year programme it should be anticipated that the total spend over the period could be £2.802million higher than the estimated £28.017million.

10.3 The capital programme will need to remain under close review due to the limited availability of capital resources and the affordability in the general fund of the cost of using the Council's capital receipts. When capital receipts are used and not replaced the availability of cash for investment reduces. Consequently interest income from investments reduces. A cash balance of £1.0million currently earns the Authority approximately £8k per year in interest. The general fund estimates are routinely updated to reflect the reduced income from investments as cash balances reduce. When the Capital Financing Requirement (CFR) reaches zero the Council will need to consider borrowing for further capital spend and will need to start charging a minimum revenue provision to the general fund for the cost of capital. The CFR at the 31 March 2017 is negative £17million.

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

11. RISK IMPLICATIONS

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

12. EQUALITIES IMPLICATIONS

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

13. SOCIAL VALUE IMPLICATIONS

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

14. HUMAN RESOURCE IMPLICATIONS

- 14.1 There are no direct human resource implications.

15. APPENDICES

- 15.1 Appendix A - Capital Programme Summary 2017/18 onwards.
Appendix B - Capital Programme Detail including Funding 2017/18 onwards.

16. CONTACT OFFICERS

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17. BACKGROUND PAPERS

17.1 2017/18 Budget Estimates Book.

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

By Council Priority

APPENDIX A

Priority	2016/17 Outturn £	2017/18 Working Budget	2017/18 Revised Budget	Movement £	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
Attractive & Thriving	2,105,700	4,962,700	3,482,800	-1,479,900	1,555,100	0	300,000
Prosper & Protect	1,041,900	2,053,400	1,046,400	-1,007,000	3,911,000	150,000	0
Responsive & Efficient	2,538,400	13,573,800	10,609,500	-2,964,300	4,191,000	1,677,600	1,094,000
Grand Total	5,686,000	20,589,900	15,138,700	-5,451,200	9,657,100	1,827,600	1,394,000

By Service Group

Service Group	2016/17 Outturn £	2017/18 Working Budget	2017/18 Revised Budget	Movement £	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
Advances & Cash Incentives	0	548,000	548,000	0	548,000	0	0
Asset Management	1,395,400	6,787,400	6,127,500	-659,900	3,210,000	150,000	0
Building Control	0	0	0	0	0	0	0
CCTV	69,500	60,000	60,000	0	0	0	0
Community Services	427,500	689,200	318,200	-371,000	636,000	250,000	120,000
Computer Software and Equipment	409,500	316,600	259,700	-56,900	100,000	537,600	84,000
Corporate Items	2,100	2,510,600	10,600	-2,500,000	2,500,000	0	0
Growth Fund Projects	0	672,000	0	-672,000	713,000	0	0
Leisure Facilities	1,965,500	3,218,900	2,731,800	-487,100	648,900	85,000	385,000
Museum & Arts	715,000	156,900	148,600	-8,300	0	0	0
Parking	124,700	1,084,300	529,300	-555,000	496,200	0	0
Renovation & Reinstatement Grant Expenditur	544,300	805,000	805,000	0	805,000	805,000	805,000
Town Centre Enhancement	0	141,000	0	-141,000	0	0	0
Waste collection	32,500	3,600,000	3,600,000	0	0	0	0
Waste Disposal	0	0	0	0	0	0	0
Grand Total	5,686,000	20,589,900	15,138,700	-5,451,200	9,657,100	1,827,600	1,394,000

Capital Funding Source

Funding Source	2015/16 Funding £	2017/18 Working Budget	2017/18 Revised Budget	Movement £	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
Capital Receipt	2,328,100	3,570,500	2,406,400	-1,164,100	3,528,400	974,200	122,000
Drawdown of cash investments	2,184,600	14,795,600	11,422,540	-3,373,060	4,478,000	199,600	331,200
Government Grant	520,200	1,508,000	745,000	-763,000	1,416,800	653,800	653,800
IT Reserve	0	0	0	0	0	0	0
Other Capital Contributions	196,100	163,000	0	-163,000	163,000	0	250,000
Revenue Contribution	0	0	0	0	0	0	0
S106 Funding	457,000	552,800	564,760	11,960	70,900	0	37,000
Grand Total	5,686,000	20,589,900	15,138,700	-5,451,200	9,657,100	1,827,600	1,394,000

Capital Receipt Analysis

	2016/17 Outturn £	2017/18 Working Budget £	2017/18 Revised Funding £		2018/19 Estimate £	2019/20 Estimate £	2020/21 Estimate £
B/fwd Capital Receipt Funding	-5,461,900	-3,221,172	-3,221,172		-1,854,772	-726,372	-1,502,172
Add: Capital Receipts Received in Year	-87,372	-1,040,000	-1,040,000	0	-2,400,000	-1,750,000	-500,000
Less: Capital Receipts Used in Year	2,328,100	3,570,500	2,406,400	-1,164,100	3,528,400	974,200	122,000
C/Fwd Capital Receipt Funding	-3,221,172	-690,672	-1,854,772	-1,164,100	-726,372	-1,502,172	-1,880,172

Set-Aside Receipts Analysis

	2016/17 Outturn £	2017/18 Working Budget £	2017/18 Revised Funding £		2018/19 Estimate £	2019/20 Estimate £	2020/21 Estimate £
B/fwd Set-Aside Receipt Funding	-18,827,000	-16,642,400	-16,642,400		-5,219,860	-741,860	-542,260
Set-Aside Receipts Received in Year	0	0	0	0	0	0	0
Set -Aside Receipts Used in Year	2,184,600	14,795,600	11,422,540	-3,373,060	4,478,000	199,600	331,200
C/Fwd Set-Aside Receipt Funding	-16,642,400	-1,846,800	-5,219,860	-3,373,060	-741,860	-542,260	-211,060

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Project	Funding Source	2016/17 Outturn Funding £	2017/18 Working Budget	2017/18 Revised Budget	Movement £	2018/19 Revised Funding £	2019/20 Revised Funding £	2020/21 Revised Funding £
40 KVA UPS Device or Battery Replacement								
	Capital Receipt	0	0	0	0	0	7,000	0
	Drawdown of cash investments	0	20,000	0	-20,000	0	0	0
40 KVA UPS Device or Battery Replacement Total		0	20,000	0	-20,000	0	7,000	0
Additional PC's - Support Home Working/OAP								
	Capital Receipt	0	0	0	0	0	13,000	0
	Drawdown of cash investments	0	13,000	13,000	0	0	0	0
Additional PC's - Support Home Working/OAP Total		0	13,000	13,000	0	0	13,000	0
Additional Storage								
	Capital Receipt	0	0	0	0	0	13,000	0
	Drawdown of cash investments	0	12,000	12,000	0	0	0	0
Additional Storage Total		0	12,000	12,000	0	0	13,000	0
Alternative to safeword tokens for staff/members working remotely								
	Capital Receipt	0	0	0	0	0	8,000	0
Alternative to safeword tokens for staff/members working remotely Total		0	0	0	0	0	8,000	0
Area Visioning								
	Drawdown of cash investments	4,600	26,400	26,400	0	0	0	0
Area Visioning Total		4,600	26,400	26,400	0	0	0	0
Back-up Diesel 40 KVA Generator (DCO)								
	Capital Receipt	0	0	0	0	0	20,000	0
Back-up Diesel 40 KVA Generator (DCO) Total		0	0	0	0	0	20,000	0
Baldock Road Recreation Grounds								
	Capital Receipt	62,300	0	0	0	0	0	0
Baldock Road Recreation Grounds Total		62,300	0	0	0	0	0	0
Baldock Town Hall project								
	Drawdown of cash investments	13,200	76,800	74,500	-2,300	0	0	0
	S106 Funding	0	0	2,300	2,300	0	0	0
Baldock Town Hall project Total		13,200	76,800	76,800	0	0	0	0
Bancroft Gardens Play Area								
	Capital Receipt	12,800	2,200	2,200	0	0	0	0
	S106 Funding	8,300	51,700	51,700	0	0	0	0
Bancroft Gardens Play Area Total		21,100	53,900	53,900	0	0	0	0
Bancroft Recreation Ground, Hitchin, Multi Use Games Area (MUGA)								
	Capital Receipt	0	24,100	0	-24,100	24,100	0	0
	Other Capital Contributions	0	80,000	0	-80,000	80,000	0	0
	S106 Funding	0	65,900	0	-65,900	65,900	0	0
Bancroft Recreation Ground, Hitchin, Multi Use Games Area (MUGA) Total		0	170,000	0	-170,000	170,000	0	0
Burymead Road - new roof waterproofing system								
	Drawdown of cash investments	51,200	10,300	2,000	-8,300	0	0	0
Burymead Road - new roof waterproofing system Total		51,200	10,300	2,000	-8,300	0	0	0
Butts Close renovation, Hitchin								
	Capital Receipt	3,700	0	0	0	0	0	0
	S106 Funding	14,200	0	0	0	0	0	0
Butts Close renovation, Hitchin Total		17,900	0	0	0	0	0	0
Cabinet Switches - 4 Floors								
	Drawdown of cash investments	0	15,000	15,000	0	18,000	0	0
Cabinet Switches - 4 Floors Total		0	15,000	15,000	0	18,000	0	0
Capitalised Pension Fund Contribution								
	Drawdown of cash investments	0	2,500,000	0	-2,500,000	2,500,000	0	0
Capitalised Pension Fund Contribution Total		0	2,500,000	0	-2,500,000	2,500,000	0	0
Careline Call Handling Hardware and Software								
	Capital Receipt	0	4,600	4,600	0	0	0	0
Careline Call Handling Hardware and Software Total		0	4,600	4,600	0	0	0	0
Careline Community Alarms								
	Drawdown of cash investments	3,200	0	0	0	0	0	0
Careline Community Alarms Total		3,200	0	0	0	0	0	0
CCTV cameras from tilt to dome mechanism								
	Capital Receipt	2,700	0	0	0	0	0	0
CCTV cameras from tilt to dome mechanism Total		2,700	0	0	0	0	0	0
Channel shift - processing of housing register applications								
	Drawdown of cash investments	0	20,000	20,000	0	20,000	0	0
Channel shift - processing of housing register applications Total		0	20,000	20,000	0	20,000	0	0
Construction of pathway and roadway, Wilbury Hills Cemetery, Letchworth								
	Capital Receipt	0	0	0	0	35,000	0	0
Construction of pathway and roadway, Wilbury Hills Cemetery, Letchworth Total		0	0	0	0	35,000	0	0
Core Backbone Switch								
	Capital Receipt	10,100	0	0	0	0	20,000	0
	Drawdown of cash investments	0	0	0	0	17,000	0	0
Core Backbone Switch Total		10,100	0	0	0	17,000	20,000	0
Council property improvements following condition surveys								
	Capital Receipt	260,000	340,000	380,000	40,000	0	0	0
	Drawdown of cash investments	0	300,000	0	-300,000	560,000	0	0
Council property improvements following condition surveys Total		260,000	640,000	380,000	-260,000	560,000	0	0
Customer Relationship Manager software v8								
	Capital Receipt	1,000	0	0	0	0	0	0
Customer Relationship Manager software v8 Total		1,000	0	0	0	0	0	0

Project	Funding Source	2016/17 Outturn Funding £	2017/18 Working Budget	2017/18 Revised Budget	Movement £	2018/19 Revised Funding £	2019/20 Revised Funding £	2020/21 Revised Funding £
Customer Self Serve Module								
	Capital Receipt	0	3,000	3,000	0	0	0	0
Customer Self Serve Module Total		0	3,000	3,000	0	0	0	0
Cycle Strategy implementation (GAF)								
	Government Grant	0	278,000	0	-278,000	278,000	0	0
Cycle Strategy implementation (GAF) Total		0	278,000	0	-278,000	278,000	0	0
Dell Servers								
	Capital Receipt	0	0	0	0	0	65,000	0
Dell Servers Total		0	0	0	0	0	65,000	0
Demolish 4 disused tennis courts and landscape to grass and planted area at Bancroft Recreation Ground, Hitchin								
	Capital Receipt	35,000	0	0	0	0	0	0
	Drawdown of cash investments	3,200	0	0	0	0	0	0
Demolish 4 disused tennis courts and landscape to grass and planted area at Bancroft Recreation Ground, Hitchin Total		38,200	0	0	0	0	0	0
Demolition of Bancroft Hall								
	Drawdown of cash investments	44,800	0	0	0	0	0	0
Demolition of Bancroft Hall Total		44,800	0	0	0	0	0	0
Dog / Litter Bins								
	Capital Receipt	0	0	40,000	40,000	0	0	0
Dog / Litter Bins Total		0	0	40,000	40,000	0	0	0
DR Set-up								
	Capital Receipt	42,100	0	0	0	0	25,000	0
	Drawdown of cash investments	0	47,400	47,400	0	0	0	0
DR Set-up Total		42,100	47,400	47,400	0	0	25,000	0
EA Agreement (MS EA)								
	Capital Receipt	90,000	0	0	0	0	0	0
	Drawdown of cash investments	145,400	0	0	0	0	199,600	0
EA Agreement (MS EA) Total		235,400	0	0	0	0	199,600	0
Email / Web Gateway with SPAM Filtering Software Solution - Licence 3 Year Contract								
	Capital Receipt	0	39,000	29,000	-10,000	0	0	0
	Drawdown of cash investments	0	0	0	0	0	0	39,000
Email / Web Gateway with SPAM Filtering Software Solution - Licence 3 Year Contract Total		0	39,000	29,000	-10,000	0	0	39,000
Email Encryption Software Solution								
	Capital Receipt	31,100	13,900	0	-13,900	0	0	0
	Drawdown of cash investments	0	0	0	0	0	0	45,000
Email Encryption Software Solution Total		31,100	13,900	0	-13,900	0	0	45,000
Energy efficiency measures								
	Drawdown of cash investments	0	60,000	60,000	0	0	0	0
Energy efficiency measures Total		0	60,000	60,000	0	0	0	0
Financial System upgrade - E-series								
	Drawdown of cash investments	3,700	0	0	0	0	0	0
Financial System upgrade - E-series Total		3,700	0	0	0	0	0	0
Grange Recreation Ground Improvements								
	Capital Receipt	12,400	0	0	0	0	0	0
	S106 Funding	2,800	0	0	0	0	0	0
Grange Recreation Ground Improvements Total		15,200	0	0	0	0	0	0
Green Infrastructure implementation (GAF)								
	Government Grant	0	185,000	0	-185,000	185,000	0	0
Green Infrastructure implementation (GAF) Total		0	185,000	0	-185,000	185,000	0	0
Hitchin Multi Storey Safety and Equalities Act improvements								
	Drawdown of cash investments	0	40,000	40,000	0	0	0	0
Hitchin Multi Storey Safety and Equalities Act improvements Total		0	40,000	40,000	0	0	0	0
Hitchin Outdoor Pool Showers and Toilets								
	Drawdown of cash investments	0	75,000	75,000	0	0	0	0
Hitchin Outdoor Pool Showers and Toilets Total		0	75,000	75,000	0	0	0	0
Hitchin Swim Centre - small paddling pool resurfacing								
	Drawdown of cash investments	500	0	0	0	0	0	0
Hitchin Swim Centre - small paddling pool resurfacing Total		500	0	0	0	0	0	0
Hitchin Swimming Centre Lift								
	Drawdown of cash investments	0	100,000	100,000	0	0	0	0
Hitchin Swimming Centre Lift Total		0	100,000	100,000	0	0	0	0
Hitchin Swimming Pool Car Park extension								
	Capital Receipt	2,500	275,900	50,000	-225,900	225,900	0	0
Hitchin Swimming Pool Car Park extension Total		2,500	275,900	50,000	-225,900	225,900	0	0
Improvements to fixing systems to glazed walkway, Lairage Car Park, Hitchin								
	Drawdown of cash investments	56,900	0	0	0	0	0	0
Improvements to fixing systems to glazed walkway, Lairage Car Park, Hitchin Total		56,900	0	0	0	0	0	0
Infrastructure: Back-Up Diesel 40 KVA Generator DCO								
	Capital Receipt	12,800	0	0	0	0	0	0
Infrastructure: Back-Up Diesel 40 KVA Generator DCO Total		12,800	0	0	0	0	0	0
Installation of trial on-street charging (GAF)								
	Government Grant	0	50,000	0	-50,000	50,000	0	0
Installation of trial on-street charging (GAF) Total		0	50,000	0	-50,000	50,000	0	0
Introduce a Traffic Regulation Order and Car park ticket machines into the 2 car parks at Norton Common								
	Capital Receipt	11,000	0	0	0	0	0	0

Project	Funding Source	2016/17 Outturn Funding £	2017/18 Working Budget	2017/18 Revised Budget	Movement £	2018/19 Revised Funding £	2019/20 Revised Funding £	2020/21 Revised Funding £
Introduce a Traffic Regulation Order and Car park ticket machines into the 2 car parks at Norton Common Total		11,000	0	0	0	0	0	0
Jackmans Central Play Area Renovation	Capital Receipt	0	75,000	75,000	0	0	0	0
Jackmans Central Play Area Renovation Total		0	75,000	75,000	0	0	0	0
Jackmans Creamery, Letchworth	Capital Receipt	23,400	0	0	0	0	0	0
Jackmans Creamery, Letchworth Total		23,400	0	0	0	0	0	0
John Barker Place, Hitchin	Drawdown of cash investments	0	277,600	277,600	0	548,000	0	0
	S106 Funding	0	270,400	270,400	0	0	0	0
John Barker Place, Hitchin Total		0	548,000	548,000	0	548,000	0	0
Lairage Multi-Storey Car Par - Structural wall repairs	Drawdown of cash investments	-2,400	125,700	5,700	-120,000	120,000	0	0
Lairage Multi-Storey Car Par - Structural wall repairs Total		-2,400	125,700	5,700	-120,000	120,000	0	0
Laptops - Refresh Programme	Drawdown of cash investments	0	0	0	0	6,000	0	0
Laptops - Refresh Programme Total		0	0	0	0	6,000	0	0
Letchworth Multi Storey Enhancements	Capital Receipt	0	70,000	0	-70,000	0	0	0
Letchworth Multi Storey Enhancements Total		0	70,000	0	-70,000	0	0	0
Letchworth Multi Storey Safety Edge Protection Fencing	Drawdown of cash investments	0	120,000	120,000	0	0	0	0
Letchworth Multi Storey Safety Edge Protection Fencing Total		0	120,000	120,000	0	0	0	0
Letchworth Multi Storey Structural Investigations	Drawdown of cash investments	0	39,400	39,400	0	0	0	0
Letchworth Multi Storey Structural Investigations Total		0	39,400	39,400	0	0	0	0
Letchworth Multi_storey Car Park - parapet walls, soffit & decoration	Capital Receipt	0	146,500	146,500	0	0	0	0
Letchworth Multi_storey Car Park - parapet walls, soffit & decoration Total		0	146,500	146,500	0	0	0	0
Letchworth multi-storey car park - lighting	Drawdown of cash investments	0	22,700	22,700	0	0	0	0
Letchworth multi-storey car park - lighting Total		0	22,700	22,700	0	0	0	0
Letchworth Outdoor Pool Showers and Toilets	Drawdown of cash investments	0	75,000	75,000	0	0	0	0
Letchworth Outdoor Pool Showers and Toilets Total		0	75,000	75,000	0	0	0	0
Making Good Trip Hazards, Hitchin Town Centre	Drawdown of cash investments	0	25,000	0	-25,000	0	0	0
Making Good Trip Hazards, Hitchin Town Centre Total		0	25,000	0	-25,000	0	0	0
Mandatory Disabled Facility Grants	Capital Receipt	0	0	0	0	91,200	91,200	24,000
	Drawdown of cash investments	0	0	0	0	0	0	67,200
	Government Grant	520,200	745,000	745,000	0	653,800	653,800	653,800
Mandatory Disabled Facility Grants Total	Mandatory Disabled Facility Grants	520,200	745,000	745,000	0	745,000	745,000	745,000
Mobile CCTV camera replacement	Drawdown of cash investments	66,800	0	0	0	0	0	0
Mobile CCTV camera replacement Total		66,800	0	0	0	0	0	0
New Blade Enclosure	Capital Receipt	0	0	0	0	0	32,000	0
New Blade Enclosure Total		0	0	0	0	0	32,000	0
NH Museum & Community Facility	Drawdown of cash investments	477,900	146,600	146,600	0	0	0	0
	Other Capital Contributions	185,900	0	0	0	0	0	0
NH Museum & Community Facility Total		663,800	146,600	146,600	0	0	0	0
North Herts Leisure Centre Development	Capital Receipt	1,408,900	1,024,900	1,024,900	0	0	0	0
	Drawdown of cash investments	0	897,300	831,740	-65,560	0	0	0
	S106 Funding	48,100	0	65,560	65,560	0	0	0
North Herts Leisure Centre Development Total		1,457,000	1,922,200	1,922,200	0	0	0	0
Norton Common Wheeled Sports improvements	S106 Funding	11,000	159,000	159,000	0	0	0	0
Norton Common Wheeled Sports improvements Total	Norton Common Wheeled Sports in	11,000	159,000	159,000	0	0	0	0
Off Street Car Parks resurfacing and enhancement	Capital Receipt	68,800	151,200	60,000	-91,200	91,200	0	0
Off Street Car Parks resurfacing and enhancement Total		68,800	151,200	60,000	-91,200	91,200	0	0
PC's - Refresh Programme	Capital Receipt	17,000	0	0	0	0	17,000	0
	Drawdown of cash investments	8,000	17,000	17,000	0	17,000	0	0
PC's - Refresh Programme Total		25,000	17,000	17,000	0	17,000	17,000	0
Permit gateway Citizen - to enable customers to renew permits on line	Capital Receipt	4,300	10,700	10,700	0	0	0	0
Permit gateway Citizen - to enable customers to renew permits on line Total		4,300	10,700	10,700	0	0	0	0
Pool filter refurb and UV system at North Herts Leisure Centre	Drawdown of cash investments	54,600	0	0	0	0	0	0
Pool filter refurb and UV system at North Herts Leisure Centre Total		54,600	0	0	0	0	0	0
Premises compliance enhancements								

Project	Funding Source	2016/17 Outturn Funding £	2017/18 Working Budget	2017/18 Revised Budget	Movement £	2018/19 Revised Funding £	2019/20 Revised Funding £	2020/21 Revised Funding £
	Drawdown of cash investments	-100	0	0	0	0	0	0
Premises compliance enhancements Total		-100	0	0	0	0	0	0
Private Sector Grants								
	Capital Receipt	24,100	60,000	60,000	0	60,000	60,000	0
	Drawdown of cash investments	0	0	0	0	0	0	60,000
Private Sector Grants Total		24,100	60,000	60,000	0	60,000	60,000	60,000
Provide housing at market rents								
	Capital Receipt	0	0	0	0	2,000,000	150,000	0
	Drawdown of cash investments	0	550,000	200,000	-350,000	650,000	0	0
Provide housing at market rents. Total		0	550,000	200,000	-350,000	2,650,000	150,000	0
Recording of Council Meetings								
	Capital Receipt	0	64,000	64,000	0	0	0	0
Recording of Council Meetings Total		0	64,000	64,000	0	0	0	0
Refurbishment and improvement of community facilities								
	Capital Receipt	0	586,000	200,000	-386,000	636,000	250,000	0
	Drawdown of cash investments	0	0	0	0	0	0	120,000
Refurbishment and improvement of community facilities Total		0	586,000	200,000	-386,000	636,000	250,000	120,000
Refurbishment of DCO								
	Drawdown of cash investments	613,200	5,105,000	5,268,000	163,000	0	0	0
Refurbishment of DCO Total		613,200	5,105,000	5,268,000	163,000	0	0	0
Refurbishment of Harkness Court								
	Capital Receipt	0	43,000	0	-43,000	0	0	0
Refurbishment of Harkness Court Total		0	43,000	0	-43,000	0	0	0
Relay concrete slabs that surround the Hitchin outdoor pool								
	Capital Receipt	24,600	35,400	35,400	0	0	0	0
Relay concrete slabs that surround the Hitchin outdoor pool. Total		24,600	35,400	35,400	0	0	0	0
Renew pathways at Bancroft Recreation Ground, Hitchin								
	Capital Receipt	0	50,000	50,000	0	0	0	0
Renew pathways at Bancroft Recreation Ground, Hitchin Total		0	50,000	50,000	0	0	0	0
Renovate play area Howard Park, Letchworth								
	Capital Receipt	0	0	0	0	0	0	75,000
Renovate play area Howard Park, Letchworth Total		0	0	0	0	0	0	75,000
Renovate play area King George V Recreation Ground, Hitchin								
	Capital Receipt	0	0	0	0	0	75,000	0
Renovate play area King George V Recreation Ground, Hitchin Total		0	0	0	0	0	75,000	0
Renovate play area, District Park, Gt. Ashby								
	Capital Receipt	0	0	0	0	75,000	0	0
Renovate play area, District Park, Gt. Ashby Total		0	0	0	0	75,000	0	0
Replace and enhance lighting at St Mary's Car Park								
	Drawdown of cash investments	0	60,000	60,000	0	0	0	0
Replace and enhance lighting at St Mary's Car Park Total		0	60,000	60,000	0	0	0	0
Replace items of equipment, Brook View, Hitchin								
	Capital Receipt	0	10,000	10,000	0	0	0	0
Replace items of equipment, Brook View, Hitchin Total		0	10,000	10,000	0	0	0	0
Replace items of play equipment Holroyd Cres, Baldock								
	Capital Receipt	0	0	0	0	0	0	10,000
Replace items of play equipment Holroyd Cres, Baldock Total		0	0	0	0	0	0	10,000
Replace items of play equipment Wilbury Recreation Ground, Letchworth								
	Capital Receipt	0	0	0	0	0	10,000	0
Replace items of play equipment Wilbury Recreation Ground, Letchworth Total		0	0	0	0	0	10,000	0
Replace items of play equipment, Chiltern Road, Baldock								
	Capital Receipt	0	0	0	0	10,000	0	0
Replace items of play equipment, Chiltern Road, Baldock Total		0	0	0	0	10,000	0	0
Replace main pool grating and overflow gullies at Hitchin Swim Centre								
	Capital Receipt	51,500	0	0	0	0	0	0
Replace main pool grating and overflow gullies at Hitchin Swim Centre Total		51,500	0	0	0	0	0	0
Replace seating at Hitchin Swimming Centre								
	Drawdown of cash investments	9,900	0	0	0	0	0	0
Replace seating at Hitchin Swimming Centre Total		9,900	0	0	0	0	0	0
Replacement of neighbourhood CCTV equipment								
	Capital Receipt	0	60,000	60,000	0	0	0	0
Replacement of neighbourhood CCTV equipment Total		0	60,000	60,000	0	0	0	0
Replacement of Walsworth Common Access Bridge								
	Drawdown of cash investments	5,500	179,500	179,500	0	0	0	0
Replacement of Walsworth Common Access Bridge Total		5,500	179,500	179,500	0	0	0	0
Replacement SAN								
	Capital Receipt	0	0	0	0	0	110,000	0
Replacement SAN Total		0	0	0	0	0	110,000	0
Royston Civic Centre Site redevelopment (GAF)								
	Government Grant	0	41,000	0	-41,000	0	0	0
Royston Civic Centre Site redevelopment (GAF) Total		0	41,000	0	-41,000	0	0	0

Project	Funding Source	2016/17 Outturn Funding £	2017/18 Working Budget	2017/18 Revised Budget	Movement £	2018/19 Revised Funding £	2019/20 Revised Funding £	2020/21 Revised Funding £
Rural Community Halls Grant Scheme	Other Capital Contributions	10,200	0	0	0	0	0	0
Rural Community Halls Grant Scheme Total		10,200	0	0	0	0	0	0
S106 Projects	S106 Funding	354,200	0	15,000	15,000	0	0	0
S106 Projects Total		354,200	0	15,000	15,000	0	0	0
Security - Firewalls	Drawdown of cash investments	0	10,000	10,000	0	14,000	0	0
Security - Firewalls Total		0	10,000	10,000	0	14,000	0	0
Serby Avenue Play Area renovation, Royston	Capital Receipt	67,200	7,800	7,800	0	0	0	0
Serby Avenue Play Area renovation, Royston Total		67,200	7,800	7,800	0	0	0	0
Server / Infrastructure Refresh	Capital Receipt	-4,200	0	0	0	0	0	0
Server / Infrastructure Refresh Total		-4,200	0	0	0	0	0	0
Smithsons Recreation Ground	Capital Receipt	5,900	0	1,800	1,800	0	0	0
	S106 Funding	18,400	0	0	0	0	0	0
Smithsons Recreation Ground Total		24,300	0	1,800	1,800	0	0	0
Software Asset Management	Capital Receipt	0	13,000	0	-13,000	0	0	0
Software Asset Management Total		0	13,000	0	-13,000	0	0	0
Software for personalised bills and annual billing	Capital Receipt	12,900	6,000	6,000	0	0	0	0
Software for personalised bills and annual billing. Total		12,900	6,000	6,000	0	0	0	0
Splash Park at Bancroft Recreation Ground	Drawdown of cash investments	28,300	10,900	10,900	0	0	0	0
	S106 Funding	0	800	800	0	0	0	0
Splash Park at Bancroft Recreation Ground Total		28,300	11,700	11,700	0	0	0	0
Splash Park at Priory Memorial, Royston	Drawdown of cash investments	45,000	15,000	15,000	0	0	0	0
Splash Park at Priory Memorial, Royston Total		45,000	15,000	15,000	0	0	0	0
SQL Licence Costs	Capital Receipt	25,000	0	0	0	0	0	0
SQL Licence Costs Total		25,000	0	0	0	0	0	0
St John's Chapel Hitchin, Re-roofing	Capital Receipt	200	0	0	0	0	0	0
St John's Chapel Hitchin, Re-roofing Total		200	0	0	0	0	0	0
St Mary's car park. Structural repairs to steps	Capital Receipt	1,400	23,800	35,000	11,200	0	0	0
St Mary's car park. Structural repairs to steps Total		1,400	23,800	35,000	11,200	0	0	0
Storage Facilities	Drawdown of cash investments	515,100	184,900	40,000	-144,900	0	0	0
Storage Facilities Total		515,100	184,900	40,000	-144,900	0	0	0
Tablets - Android Devices	Capital Receipt	7,100	500	500	0	0	8,000	0
	Drawdown of cash investments	0	7,500	7,500	0	8,000	0	0
Tablets - Android Devices Total		7,100	8,000	8,000	0	8,000	8,000	0
Telephony system	Drawdown of cash investments	2,100	10,600	10,600	0	0	0	0
Telephony system Total		2,100	10,600	10,600	0	0	0	0
Town Centre pay & display machines for on-street charging	Capital Receipt	0	235,000	0	-235,000	235,000	0	0
Town Centre pay & display machines for on-street charging Total		0	235,000	0	-235,000	235,000	0	0
Town Lodge - Various patch repairs to the roof	Drawdown of cash investments	1,500	0	0	0	0	0	0
Town Lodge - Various patch repairs to the roof Total		1,500	0	0	0	0	0	0
Transport Plans implementation (GAF)	Government Grant	0	209,000	0	-209,000	250,000	0	0
Transport Plans implementation (GAF) Total		0	209,000	0	-209,000	250,000	0	0
Ultra Violet water disinfection system	Capital Receipt	0	50,000	50,000	0	0	0	0
Ultra Violet water disinfection system Total		0	50,000	50,000	0	0	0	0
Walsworth Common Pavilion - contribution to scheme	Capital Receipt	0	0	0	0	0	0	13,000
	Other Capital Contributions	0	0	0	0	0	0	250,000
	S106 Funding	0	0	0	0	0	0	37,000
Walsworth Common Pavilion - contribution to scheme Total		0	0	0	0	0	0	300,000
Walsworth Common Pitch Improvements	Capital Receipt	0	15,000	0	-15,000	15,000	0	0
	Other Capital Contributions	0	83,000	0	-83,000	83,000	0	0
	S106 Funding	0	5,000	0	-5,000	5,000	0	0
Walsworth Common Pitch Improvements Total		0	103,000	0	-103,000	103,000	0	0
Walsworth Common Reconstruction of Car Park	Capital Receipt	0	30,000	0	-30,000	30,000	0	0
Walsworth Common Reconstruction of Car Park Total		0	30,000	0	-30,000	30,000	0	0
Warren Car Park redevelopment	Capital Receipt	0	100,000	0	-100,000	0	0	0
Warren Car Park redevelopment Total		0	100,000	0	-100,000	0	0	0
Waste and Street Cleansing Data Mgmt	Drawdown of cash investments	32,500	0	0	0	0	0	0
Waste and Street Cleansing Data Mgmt Total		32,500	0	0	0	0	0	0
Waste and Street Cleansing Vehicles	Drawdown of cash investments	0	3,600,000	3,600,000	0	0	0	0
Waste and Street Cleansing Vehicles Total		0	3,600,000	3,600,000	0	0	0	0

Project	Funding Source	2016/17 Outturn Funding £	2017/18 Working Budget	2017/18 Revised Budget	Movement £	2018/19 Revised Funding £	2019/20 Revised Funding £	2020/21 Revised Funding £
Westmill Community Centre Design Work	Capital Receipt	500	0	0	0	0	0	0
Westmill Community Centre Design Work Total		500	0	0	0	0	0	0
Grand Total	Grand Total	5,686,000	20,589,900	15,138,700	-5,451,200	9,657,100	1,827,600	1,394,000

CABINET

26 SEPTEMBER 2017

PART 1 – PUBLIC DOCUMENT	AGENDA ITEM No. 11
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TITLE OF REPORT: COUNCIL TAX REDUCTION SCHEME 2018/2019

REPORT OF THE HEAD OF REVENUES, BENEFITS & INFORMATION TECHNOLOGY
 EXECUTIVE MEMBER: COUNCILLOR JULIAN CUNNINGHAM
 COUNCIL PRIORITY: PROSPER AND PROTECT

1. EXECUTIVE SUMMARY

- 1.1 To provide Cabinet with an update on how the scheme has operated during its first four and a half years.
- 1.2 To consider whether any changes should be made to the Council Tax Reduction Scheme (CTRS) for year six (2018/2019), prior to public consultation and a final recommendation being made to Council later in the financial year.

2. RECOMMENDATIONS

- 2.1 That Cabinet notes the CTRS position relating to this and previous financial years.
- 2.2 That there be no substantive changes to the CTRS for 2018/2019.
- 2.3 That Cabinet is minded to recommend to the Council at its Meeting on 18 January 2018 that changes be made to the CTRS to implement the following to ensure the consistency of the Scheme with other welfare benefit changes:
 - That capital and income payments of Bereavement Support Payments should be disregarded for the purposes of CTRS
 - That any payments made by the London Emergencies Trust (LET) or the We Love Manchester Emergency Fund (WLMEF) should be disregarded for the purposes of CTRS

and that the Head of Revenues, Benefit & IT should carry out the necessary public consultation

- 2.4 That the Executive Member for Finance & IT is consulted on the content of the consultation questionnaire.
- 2.5 That Cabinet notes that the level of Scheme funding to be allocated to the Parish, Town and Community Councils will be the same as 2017/2018.
- 2.6 That Cabinet considers at its meeting on 19 December 2017 whether there is scope to increase the value of awards, taking into consideration any knowledge at the time on likely Council Tax increases for 2018/2019.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To decide on whether any changes are proposed to the CTRS for 2018/2019 and enable the required consultation to be carried out.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 The purpose of this report is to consider whether the scheme as it stands meets the needs of providing support where required and is affordable. Other options can be considered as part of this process.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 This report is recommending that there be no substantive changes to the CTRS for 2018/2019 and is seeking the views of Cabinet on this. Consultation with the Major and Local Precepting Authorities and the public will be required, prior to Cabinet considering its final recommendations to Council in December 2017, taking into consideration the outcome of the consultation.

6. FORWARD PLAN

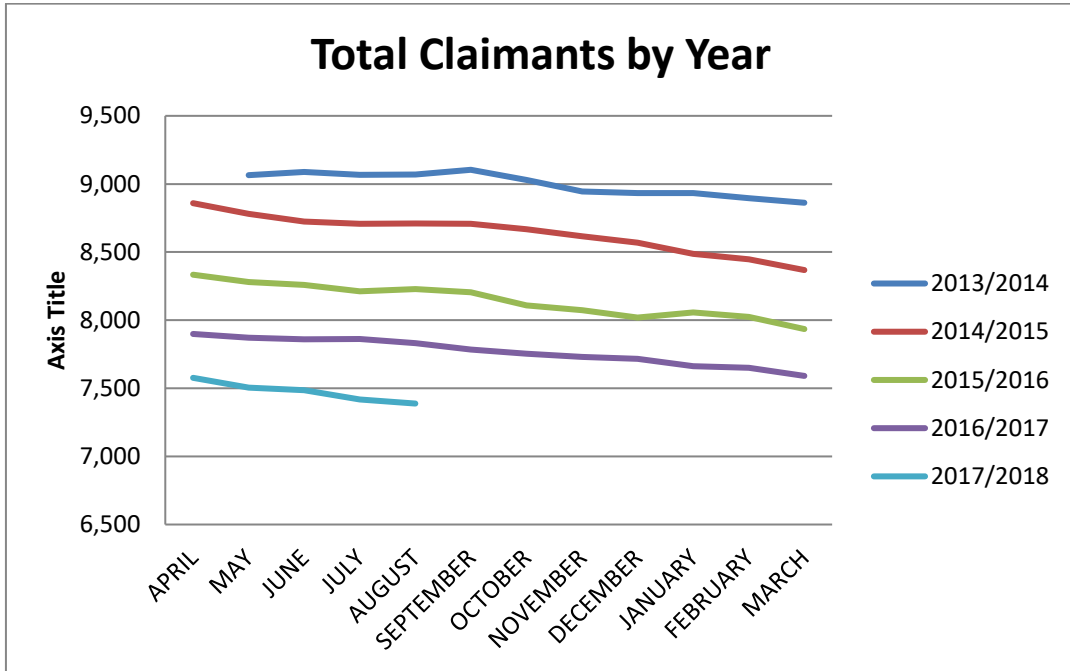
- 6.1 This report contains a recommendation on a key decision that was first notified to the public in the Forward Plan on the 28 July 2017.

7. BACKGROUND

- 7.1 Council Tax Benefit was abolished on 1 April 2013 and was replaced by locally defined Council Tax Reduction Schemes.
- 7.2 2017/2018 is the fifth year of the scheme, which is now fully embedded.
- 7.4 The Council's Scheme is based on the old Council Tax Benefit Scheme and is therefore means-tested with a standard percentage reduction being made to the final award. This reduction was 33.13% for the first two years of the Scheme and has been reduced to 25% for the subsequent three years.
- 7.5 The Scheme has been generally accepted within North Hertfordshire. The Council has received very little feedback on the Scheme and collection rates have been fairly well maintained considering the recent period of austerity.
- 7.6 The Scheme continues to cost less than anticipated due in the main to the steady reduction in the number of claimants. This has meant that the Scheme continues to cost around about the same amount each year even though Council Tax levels have increased. It was hoped to make the Scheme more generous in 2016/2017 however it was decided not to do so when it was announced that the County Council would be increasing its Council Tax by 3.99%. The County Council also opted for the maximum allowable increase in 2017/2018 of 4.99%. The District Council has also increased its Council Tax by the maximum allowable; however as the District Council precept amounts to only around 13% of the total Council Tax bill, its increase does not have the same effect on the amount of CTRS paid as that of the County Council. Despite this, with projected expenditure of £6.59M the Scheme is expected to remain in surplus by over £660,000, which means that the Collection Fund will be better off by that amount.

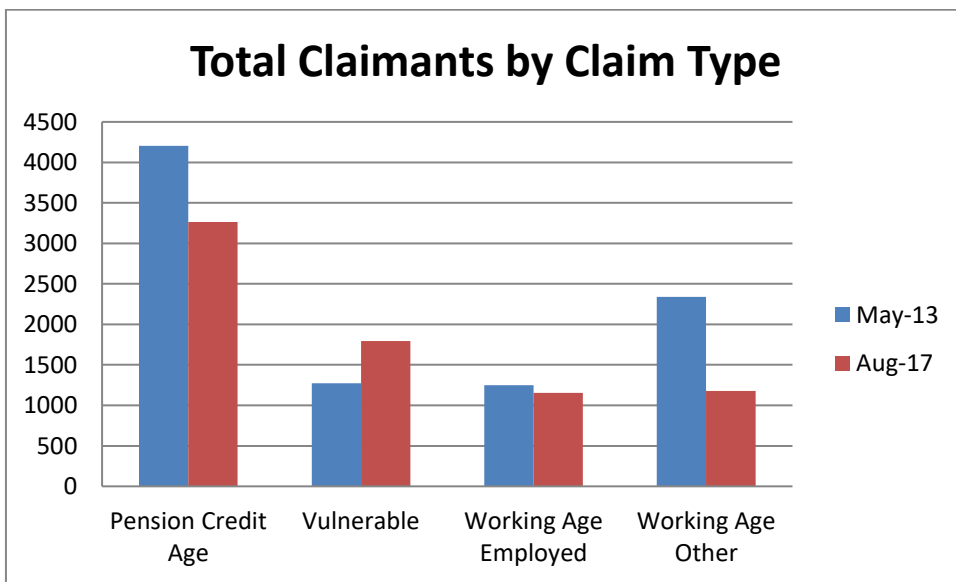
7.7 Chart 1 below shows how claimant numbers have steadily reduced since the Scheme was introduced.

Chart 1



7.8 Chart 2 below shows the difference in number of claimants by claimant type from May 2013 (the earliest data we have) to August 2017. Members will see there has been a significant reduction in the number of Pension Credit Age claimants (942 less or 22.41%) and Working Age claimants not working (1162 less or 49.64%). The number of Working Age claimants in work has remained fairly constant (96 less or 7.69%), however the number of Vulnerable claimants, i.e. those in receipt of a Disability Premium has increased significantly (523 more or 41.15%).

Chart 2



8. RELEVANT CONSIDERATIONS

Changes to Housing Benefit and should these be reflected in the CTRS?

- 8.1 The Government is implementing two minor changes to Housing Benefit, which it would seem reasonable to replicate within the Council's CTRS.

Disregard of Capital & Income Payments of Bereavement Support Payments

- 8.2 The Government has changed the way in which it supports working age widows and widowers following bereavement.
- 8.3 Previously there were three benefits available depending on circumstances, which were Bereavement Payments, Bereavement Allowance and Widowed Parents Allowance. These benefits were treated as income or in the case of Bereavement Payments, capital for Housing Benefit purposes.
- 8.4 These have been replaced by Bereavement Support Payments, which can provide a single lump sum payment of £3,500 for those with children and £2,500 for those without children and eighteen monthly payments of £350 for those with children and £100 for those without children.
- 8.5 Unlike the previous bereavement benefits, Bereavement Support Payments are disregarded for Housing Benefit purposes and it would seem reasonable to do the same for CTRS.
- 8.6 This change came into effect on 1 April 2017 and to date the Council has not processed any CTRS claims where Bereavement Support Payments are applied, implying that this is unlikely to be a significant cost to the Scheme.

Disregard of Payments made by London Emergencies Trust and the We Love Manchester Emergency Fund

- 8.7 Following the terrible events at the Manchester Arena and Grenfell Tower earlier this year, funds have been set up to assist the victims of these incidents.
- 8.8 These funds are administered by the London Emergencies Trust and the We Love Manchester Emergency Fund.
- 8.9 The Government has decided that payments from these funds be disregarded for Housing Benefit purposes and again it seems reasonable to replicate this in the Council's CTRS. CTRS is of course a matter for each local authority and whilst the Government cannot dictate that payments from these funds be disregarded, they have encouraged local authorities to do so.
- 8.10 It is highly unlikely that this will ever be applied in North Hertfordshire, however there is a small chance that victims of the Grenfell Tower disaster may relocate to this area.
- 8.11 It is even more unlikely that a victim of the Manchester Arena tragedy would relocate to North Hertfordshire, however although the event took place in Manchester there were attendees from many areas of the Country and the possibility cannot be totally ruled out.

Other Considerations

- 8.12 In addition to the changes to Housing Benefit considered above, this report also needs to consider whether there should be any changes to the minimum amount of Council Tax that working age CTRS claimants are required to pay and the formula for the distribution of compensation funding to the Parish, Town & Community Councils.

Percentage by which claims are restricted

- 8.13 Entitlement under the Council's CTRS is based on the following criteria for each claim group:

Claim Group	Criteria	Calculation
Pensioner	Pension Credit Age	Entitlement protected under old Council Tax Benefit Rules as amended by the Prescribed Scheme
Vulnerable	Claimant, Partner or Dependent disabled	Entitlement protected under old Council Tax Benefit Rules as amended by the Prescribed Scheme
Working Age – Employed	Under Pension Credit Age, in work and not vulnerable	Entitlement calculated based on old Council Tax Benefit Rules and then reduced by 25%
Working Age - Other	Under Pension Credit Age, not in work and not vulnerable	Entitlement calculated based on old Council Tax Benefit Rules and then reduced by 25%

- 8.14 For the first two years of the Scheme, the percentage reduction for the two working age groups was 33.13% and the Council has been able to make the Scheme more generous for these two groups in the last three years, predominantly due to the overall reduction in caseload.
- 8.15 It was hoped to reduce this percentage even further for last year, however there was a significant risk that if the caseload did not continue to decrease, the Scheme could be overspent due to the increase of 4.99% in the County Council's Council Tax and 1.9% for the District. That risk still applies.
- 8.16 It is built into the Council's Scheme that this percentage will be decided each year by the Council and so there is no need to consult on this figure and Cabinet will be able to make a more informed recommendation to the Council following its meeting in December 2017 when more data will be available on the projected caseload and there may be a better understanding on likely levels of Council Tax increases for 2018/2019.
- 8.17 Cabinet should note that there is always a risk that any reduction in the 25% value may have to be reversed in subsequent years should there be a further rise in Council Tax or increase in the caseload.

Amount to be distributed to Parish, Town & Community Councils

- 8.18 When CTRS was introduced in 2013, the Government provided funding to each Billing Authority to compensate for the reduction in their Tax Bases as CTRS was to be treated as a Discount and was no longer reimbursed on a pound for pound basis through subsidy arrangements. Each Billing Authority was also given a sum of money

to distribute amongst its Parish, Town & Community Councils to compensate for their reduction in the Tax Base.

- 8.19 This funding is no longer separately identifiable within the Council's financial settlement from the Government and the principle has now been adopted each year that the amount of money distributed by the Council will reduce in line with its own reduction in Government support.
- 8.20 As a four year settlement was announced in February 2016 for the period 2016/2017 to 2019/2020, the Council has already received indication of the funding that it will receive in 2018/19 from Business Rates Baseline and Revenue Support Grant. The level of Revenue Support Grant received by the Council in 2017/18 was zero, and this will continue to be zero in 2018/19. As a result the amount to be distributed to Parish, Town & Community Councils should be maintained at £38,885 (i.e. the same amount as in 2017/18). The amount of funding that the Council receives from New Homes Bonus is not incorporated in to the calculation used, but it should be noted that this is expected to reduce from £1.986 million in 2017/18 to £1.265 million in 2018/19 (a 36% reduction).

9. LEGAL IMPLICATIONS

- 9.1 Section 5(2) of Schedule 4 of the Local Government Finance Act 2012, which inserts Schedule 1A to the Local Government Finance Act 1992 requires the Council to set its Council Tax Reduction Scheme by 31 January preceding the start of the financial year in which it is to apply.
- 9.2 Full Council's terms of reference include at 4.4.1 (z) "approving the Council Tax Reduction Scheme". Cabinet's terms of reference include at 5.6.39 recommending to Full Council "The Council Tax Reduction Scheme".
- 9.3 Section 3(1) of Schedule 4 of the Local Government Finance Act 2012, which inserts Schedule 1A to the Local Government Finance Act 1992 requires the Council to consult on any changes to its scheme as follows:
- Consult any Major Precepting Authority which has power to issue a precept to it
 - Publish a draft scheme in such manner as it thinks fit
 - Consult such other persons as it considers are likely to have an interest in the operation of the scheme
- 9.4 For the original scheme implemented for 2013/2014, it was necessary to carry out comprehensive consultation to ensure that the Council complied with the legal requirement to consult and did not leave itself open to challenge. Very minor changes were made to the Scheme in year two and a restricted consultation exercise was carried inviting members of the public to comment on the Council's web site. There were no changes proposed to the Scheme for year three and the practice at that time was that no further consultation was required.
- 9.5 The changes proposed for 2018/2019 are of a minor nature and therefore a restricted consultation exercise would be satisfactory in this instance to comply with the requirement that any changes be consulted on.
- 9.6 Cabinet should note that changes to the Scheme cannot be made later in the financial year due to the need to consult before any changes can be implemented.

10. FINANCIAL IMPLICATIONS

- 10.1 The financial implications have been covered elsewhere in the report.
- 10.2 The projected underspend on the Scheme may give the Council scope to reduce the 25% reduction applied to non-protected claims and a final decision on this can be taken later in the year, when there is a more definite expectation on the cost of the Scheme and the implications of the Budget changes on potential Council Tax increases will be clearer. The requirement to set this figure each year is already built into the Scheme and so can be changed for any year.
- 10.3 The intention would be to report to Cabinet in December on the expenditure on the Scheme at that time with a recommendation on the % reduction to be applied for 2018/2019. Cabinet can then make its final recommendation to the Council in January.
- 10.4 There is no statutory requirement for the council to provide funding to Parish, Town and Community Councils, but it may choose to do so. In 2017/2018 this Council passed on £38,885. The current estimated cost of funding to Parish, Town and Community Councils in 2018/19 is £38,885, based on there being no change in Revenue Support Grant.

11. RISK IMPLICATIONS

- 11.1 There will be financial risks associated with the Scheme, which will be evaluated when the next report is prepared for consideration by Cabinet.
- 11.2 The indications so far for this current year is that the Scheme is under budget, which does provide a contingency in the unlikely event of an increase in claims later in the year.
- 11.3 There is a risk that there may be an increase in caseload. At this stage, Cabinet is only considering the criteria on which to consult and no final decision needs to be made until the December Cabinet Meeting, by which time there will be further, more up-to-date data on which to make that decision.
- 11.4 At this stage of the process for determining the scheme for 2018/2019, the main risk is that the Council decides to make changes to the Scheme and does not follow the correct consultation process and therefore leaves itself open to challenge. This is why the Council needs to consider whether it wishes to make any fundamental changes to the scheme for 2018/2019 at this early stage.

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 By conducting extensive consultation when the scheme was first implemented, the Council sought to collect information from those who may be potentially affected by these proposals. The public consultation showed broad support for the scheme. By substantially retaining the same scheme since 2013/2014, the Council continues to meet its obligations under the Equality Act, but current equalities legislation will be checked following decision by Council in January to ensure this remains the case.

- 12.3 By mirroring the changes proposed to Housing Benefit in its CTRS relating to Bereavement Support Payments and payments from the London Emergencies Trust and the We Love Manchester Emergency Fund, the Council is protecting working age claimants from possible further reductions in the Council Tax Support they receive.

13. SOCIAL VALUE IMPLICATIONS

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

14. HUMAN RESOURCE IMPLICATIONS

- 14.1 There are no Human Resources implications in this report.

15. APPENDICES

- 15.1 None.

16. CONTACT OFFICERS

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17. BACKGROUND PAPERS

- 17.1 DWP Circular HB A6/2017 relating to Bereavement Support Payments.
- 17.2 DWP Circular HB A8/2017 relating to payments from the London Emergencies Trust & the We Love Manchester Emergency Fund.

CABINET
26 SEPTEMBER 2017

***PART 1 – PUBLIC DOCUMENT**

AGENDA ITEM No.

12

TITLE OF REPORT: PROPOSALS REGARDING THE IMPLEMENTATION OF THE HOMELESSNESS REDUCTION ACT 2017

REPORT OF THE HEAD OF HOUSING AND PUBLIC PROTECTION

EXECUTIVE MEMBER: CLLR BERNARD LOVEWELL

COUNCIL PRIORITY: RESPONSIVE AND EFFICIENT / ATTRACTIVE AND THRIVING

1. EXECUTIVE SUMMARY

- 1.1 The Homelessness Reduction Act 2017 will place *significant* new legal duties on the Council regarding the prevention and management of homeless persons and households.
- 1.2 The Department of Communities and Local Government (DCLG) is providing the Council with additional funding in respect of these new legal obligations and this report seeks agreement on how best to deploy these resources.

2. RECOMMENDATIONS

- 2.1 That Cabinet approves the proposed measures (outlined in section 8.3) so as to enable the Council to prepare for the Homelessness Reduction Act 2017 and discharge its new duties as regards the prevention and relief of homelessness.
- 2.2 That Cabinet delegates to the Head of Housing and Public Protection, in consultation with the Executive Member for Housing and Environmental Health, the power to deploy any unallocated Flexible Homelessness Support Grant in order to best meet increased demand for homelessness services.
- 2.3 That Cabinet delegates to the Head of Housing and Public Protection, in consultation with the Executive Member for Housing and Environmental Health, the power to deploy new burdens funding when it becomes available.
- 2.4 That Cabinet agrees the housing services base budget for 2017/18 and beyond be amended so that the current annual allocation of £6,000 for project work is reallocated to support homelessness prevention activity.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To enable the Council, acting in its capacity as the Local Housing Authority (LHA), to deploy its resources to best effect in order to meet the legal obligations contained within the Homelessness Reduction Act 2017 (HRA).

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 The Cabinet could decide against the package of measures outlined in this report. However, it is highly unlikely the new legal responsibilities introduced by the HRA could be accommodated within the Council's existing resources.
- 4.2 The Cabinet could decide to assign existing and prospective resources in a different way than set out in this report.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 Cllr Bernard Lovewell, the Executive Member for Housing and Environmental Health, has been consulted and is supportive of the proposals contained within this report.
- 5.2 A number of workshops were held on 4th and 5th July 2017 regarding the key elements of the HRA and also its likely impacts as regards this Council. These workshops were open to Members, Officers, and partner organisations such as Hertfordshire County Council. The resultant information and suggestions contributed to the development of the options set out in section 8.3 below.
- 5.3 The Andy Gale Housing Consultancy (that has experience of similar legislation in Wales and also the Pathfinder LHAs in England) was engaged to provide independent advice on the implications of the HRA, vis-à-vis North Hertfordshire District Council, and how best it should respond to them. This advice was also used to inform the proposals detailed below, in section 8.3.

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 16th May 2017.

7. BACKGROUND

- 7.1 The HRA represents the most significant change to homelessness legislation since the Housing (Homeless Persons) Act 1977, which first created the legal duty for councils to house homeless people who were judged to be in priority need. The HRA received Royal Assent on 27th April 2017 and it will be enacted on 1st April 2018.
- 7.2 The HRA amends Part VII of the Housing Act 1996, bringing in substantial new duties for English LHAs and amends many of the existing statutory duties in this area. The 2017 Act intends to provide everyone who is homeless (or at risk of homelessness) with access to assistance, irrespective of their 'priority need' status. There is also a much greater emphasis on prevention work, which is enshrined within a statutory framework for the first time.
- 7.3 By way of contrast, existing legislation is very much focused around the assessment of whether a person meets specific tests regarding homelessness - only those falling within defined categories of priority need are owed assistance by the Council. These are generally families with dependant children and vulnerable people such as care leavers and people fleeing violence.
- 7.4 Additionally, the 2017 Act places a new duty on "specified public authorities" to refer people they believe may be homeless or threatened with homelessness to a local

housing authority. Further details about what is meant by “specified public authorities” will be set out in regulations and is likely to include the police, hospitals, GPs, prisons, and schools amongst others.

- 7.5 More information on the main provisions of the Act is contained within Appendix 1 (Presentation slides from Andy Gale Housing Consultant).
- 7.6 The Council assists a large number of people through homelessness prevention and relief work. This includes mediation and tenancy/mortgage legal advice services (provided by via a local young person’s charity, HYH and the Citizens Advice Bureau), accommodation and support plans for young people and care leavers with Hertfordshire County Council, and support for the local night-shelter in Hitchin, run by Stevenage Haven; Discretionary Housing payments and affordable credit union loans are also made available to sustain or obtain tenancies as well as general assistance with securing or maintaining accommodation.
- 7.7 The table below provides data on homeless cases managed by the Council over the past two years. The Council receives a consistently high level of contact from members of the public with housing related queries. These range from general housing advice regarding matters such as general tenancy advice to those who may be threatened with homelessness, or already homeless. Over the last two years there have been a fairly consistent number of homelessness applications at around 150 per year and typically 50%-60% of these households will be owed the main accommodation duty under the current legislation. The Council has been successful in preventing homelessness, helping over 160 households in 2016/17.

Cases	2015/16	2016/17
Total number of approaches, including advice	1102	945
Number of households assisted	905	759
<i>Homelessness applications</i>		
Total homelessness applications (decisions)	140	152
of which, households owed main duty	90	76
<i>Homelessness prevention</i>		
Households prevented from homelessness	136	164

- 7.8 Historically, the number of people sleeping rough in the district has been very low. When the Council undertook a recent survey in June 2017, seven individuals were found to be sleeping rough in the district. This had grown to 13 following a joint review with the Hertfordshire Constabulary and the Stevenage Haven in August 2017. The ongoing effects of welfare reform and a continuing scarcity of affordable housing mean that rough sleeping is unfortunately likely to remain a district wide challenge for the foreseeable future.
- 7.9 Currently, the Homelessness and Housing Advice Team comprises one manager and 5.8 full time equivalent front line officers. The operating environment is challenging – the ongoing impact of welfare reform coupled with difficulties accessing accommodation in the private rented sector has created a high demand for services; this situation is unlikely to improve in the short term.

8. RELEVANT CONSIDERATIONS

8.1 The Potential impact

8.1.1 Whilst it is difficult to predict, with precision, the actual impact of the new legislation, it is clear the HRA will impose significant new burdens on the Council's housing services:

- whilst the Council already has an active prevention programme, the HRA will extend the Council's legal obligations to prevent and relieve homelessness to a much wider cohort of clients, including rough sleepers;
- these new duties require extensive assessment of need, more intensive casework (and over an extended period of time) regardless of whether an applicant may be accepted as being owed a main homelessness duty;
- there are extensive new notification requirements and the right to request a review of Council decisions has been considerably extended.

8.1.2 Experience from similar legislation recently introduced in Wales suggests that homelessness applications to the Council are likely to *at least double*. Additional demand on services will doubtless arise from the new duty on public authorities to refer cases to the Council (see paragraph 7.4 above) and also from increased public awareness as a result of national publicity (from central government, media and homelessness charities).

8.2 Funding

8.2.1 In terms of direct costs, the Council's base budget supports housing and homelessness services to the value of £674,700 for the current financial year.

8.2.2 There are two *new* sources of funding from central government to help the Council meet these new duties:

- *Flexible Homelessness Support Grant (FHSG)* - this has been provided for an initial period of two years and is ring-fenced as regards the prevention or management of homelessness. The Council's allocation is £124,459 for 2017/18 and £140,930 for 2018/19. The future of the FHSG has yet to be confirmed by the DCLG, however it is likely to become part of core funding arrangements beyond the initial two year period and future allocations are likely to be dependent upon the levels of success in preventing and relieving homelessness.
- The *transitional 'new burdens' funding* has been earmarked by the DCLG for a two year period, starting in 2018/19. The level of funding to the Council has not yet been announced; however, funding allocations are expected to be released toward the end of the calendar year; the Council's allocation is expected to be in the region of £50,000-£70,000 a year in each of 2018/19 and 2019/20. This funding is also likely to be ring-fenced for work to prevent or tackle homelessness.

8.2.3 The current housing services base budget includes £6,000 pa for both the funding of a joint housing post with other authorities and a similar arrangement for a shared

environmental health co-ordinator post. These posts have either been suspended or terminated by partner organisations.

- 8.2.4 In addition to the proposals in this report, officers will continue to investigate all potential sources of funding to help meet the requirements of the new legislation. This includes the use of Discretionary Housing Payments and Commuted Sums arising from planning gain.

8.3 Proposed interventions

8.3.1 General approach

Given the inherent uncertainty concerning the actual impact of the HRA (and the future of associated governmental funding) it is proposed that the deployment of the resources set out 8.2.2, *et al*, is undertaken *flexibly*. Accordingly, the proposals below relate in an initial two year period, reflecting the duration of the *Flexible Homelessness Support Grant* and the *transitional 'new burdens'* funding. Nevertheless, throughout this period, the impact of the HRA, statutory guidance, case law, and emergent best practice will be analysed and the use of resources reviewed and amended as appropriate.

8.3.2 Increased in-house capacity

Due to the expected increase in referrals to the Council, it is recommended that in-house capacity is increased commensurately in order for the Council to discharge the homelessness prevention and relief duties contained within the HRA. This increased capacity is also recommended to extend to a dedicated officer with responsibility for sourcing and maintaining a supply of private rented sector accommodation – a critical homelessness prevention tool. The Council's performance regarding the prevention and relief of homelessness is likely to significantly influence the level of future homelessness funding from central government.

8.3.3 Management of rough sleeping

People who rough sleep (and may also engage begging and street drinking) often have complex personal histories, mental and physical health care needs, and dependency issues. Accordingly, it is recommended that the Council engages with rough sleepers, from a HRA perspective, via an appropriately experienced specialist organisation. A two year outreach service should feature support tailored to the individual needs of the client to ensure a successful transition from homelessness to a stable life in the community. Should the numbers of rough sleepers fall significantly during this period, a contract provision will enable underutilised capacity to be redirected to providing advice and/or support to single people who are threatened with homelessness.

8.3.4 Unassigned grant budget

A consistent point of advice from the appointed housing consultant and other Pathfinder LHAs was the capacity of the LHA to react quickly to new challenges. Accordingly, this report recommends that the remaining FHSG and the transitional new burdens funding be retained for *ad hoc* deployment as the need arises. Accordingly, it is suggested that these allocations are subject to Executive Member and Head of Service oversight.

9. LEGAL IMPLICATIONS

- 9.1 Cabinet’s terms of reference include at paragraph 5.6.1 of the Council’s Constitution “To prepare and agree to implement policies and strategies other than those reserved to Council” and 5.6.15 “To oversee the provision of all the Council’s services other than those functions reserved to the Council”. Housing and homelessness are Executive functions and are therefore not matters reserved to Council.
- 9.2 Section 4 of the Homelessness Act 2002 confirms that North Hertfordshire District Council is the Local Housing Authority under the Housing Act 1985 Section 1 (1).
- 9.3 The Homelessness Reduction Act 2017 amends the Housing Act 1996 Part VII and places new duties on English local housing authorities.
- 9.4 The Homelessness Reduction Act will come into force in April 2018 through secondary legislation (which may or may not also make transitional provisions).
- 9.5 The new section 214A of the Housing Act 1996 also makes provision for the Secretary of State to issue ‘one or more’ statutory codes of practice, to which local housing authorities must have regard.
- 9.6 The appointment of a specialist outreach service for rough sleepers, if approved by Cabinet, would be subject to the Council’s Contract Procurement Rules.

10. FINANCIAL IMPLICATIONS

- 10.1 The Department for Communities and Local Government has yet to announce the grant conditions regarding FHSG or *transitional ‘new burdens’ funding* and so the financial implications of this report are based on a number of assumptions concerning their use.
- 10.2 The proposed allocations of the two years of confirmed FHSG revenue, as set out in paragraph 8.3 above, are presented in the table below:

Intervention	Purpose	Approximate cost for two years	% of FHSG	Implementation and duration
Increased in-house officer capacity	To increase general front line capacity with increased focus on harnessing private rented sector housing opportunities	£186k	70.2%	January 2018 for two years
Rough sleeper outreach project (probably via a contract to a specialist organisation)	Reduce incidences of rough sleeping	£70k	26.4%	January 2018 for two years
Subtotal		£256k	96.6%	
Unassigned budget		£9k	3.4%	
Total FHSG		£265k	100.0%	

10.3 It is also proposed that existing housing projects budget for £6,000 pa (see paragraph 8.2.3 above) is reallocated to support homelessness prevention activity.

10.4 There are no specific capital implications arising from this report.

11. RISK IMPLICATIONS

11.1 The introduction of the HRA has been recorded as a corporate risk (reference RR550) due to the potential demand pressures created by the new legislation with particular reference to the availability of Council resources (i.e. appropriately experienced Officers) and its impact on the ability to discharge its new statutory duties. NB: since the Act impacts on all LHAs simultaneously, recruitment and retention of skilled staff is likely to be a significant factor.

11.2 Increased homelessness and use of bed and breakfast (B&B) accommodation is also registered a corporate risk (reference TR60). B&B accommodation is used when all designated temporary accommodation is occupied; the risk concerns the negative impact on those homeless households placed in B&B as well as the potentially significant budgetary implications for the Council. The risk is currently mitigated by a series of interventions.

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 Due to the expanded scope of the HRA, no adverse effect on equalities is anticipated, as the needs of each individual household will be considered and plans put in place that are unique to their needs. However, the impact and operation of the HRA will be monitored and reviewed periodically.

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 Should the proposals be agreed, the Council’s Human Resource policies will be consulted as appropriate.

14.2 Since the Act impacts on all LHAs simultaneously, recruitment and retention of skilled staff is likely to be a crucial factor in the Council’s ability to meet the new duties.

15. APPENDICES

15.1 Appendix 1 – Presentation slides from Andy Gale Housing Consultant.

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17. BACKGROUND PAPERS

- 17.1 None.

North Hertfordshire Council Preparing for the Homelessness Reduction Act

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Homelessness Reduction Act

- * Royal assent given and biggest change in homelessness since the 1977 Act
- * Very likely to be enacted 1st April 2018
- * Amends existing homeless legislation rather than replacing it and not retrospective so applications up to 31st March under old framework
- * The Government wants all prevention of homelessness work to be carried out under a statutory duty triggered by a homeless application

North Herts Homelessness Figures

Excellent performance in managing homeless pressures

76 households owed a statutory duty 16/17 based on 150 applications. Down from **90** accepted cases 15/16 despite 'London fall out'

1.34 per 1000 compared to 2.54 England and 5.03 London

Temporary Accommodation up (end March 2017)

0 in Bed and Breakfast

24 in hostels

45 in social housing stock

1 other

70 households in TA in total

North Herts Prevention Figures

Prevention Performance in 2016/17

79 cases prevented to remain where they were

84 cases homelessness relieved by helping to find something else

163 cases in total giving a figure of 2.87 per thousand compared to all England figure of 8.59 per thousand

More work to be done on prevention leading up to the enactment of the HRAct

By how much are homeless applications likely to rise?

Wales 26% rise but North Herts could see applications double.
Why?

1. Higher pressures compared to Wales
2. Duty on specified public authorities to refer – most will trigger a homeless application. No such duty in Wales
3. Continuing impact of welfare reform and especially ending of private sector tenancies and uncertainty over impact of Universal Credit
4. Likely to be launched with a huge publicity campaign by Gov and charities
5. Plus code likely to stress, as it did in Wales, prevention work should be undertaken under a statutory homeless application - If in doubt it triggers an application

What do DCLG say they will do to help authorities to prepare?

- * A new team of Specialist Advisors has been recruited by DCLG to support councils. Should be in post by Sept 17
- * There will be an extensive training program for Councils and it is assumed the voluntary sector
- * DCLG will consult on, then issue anew Statutory Code of Guidance in early autumn
- * DCLG will extensively change the statistical return to Government

Where is the money to implement it?

The external funding you receive for homelessness:

1. Your standard Homelessness grant paid as a named line in Revenue Support Grant – £86,451 - 17/18
2. A share of £61 million transitional funding for 2 years. New burdens money to implement the Act - *likely to be ring fenced and £70K a year paid from early 2018*
3. From 1st April North Herts received a new ‘ring fenced’ grant for homelessness – The Flexible Homelessness Support Grant (FHSG) -£124K (17/18) £140K (18/19)*set against a projected spend of 13k*
4. Discretionary Housing Payment Fund – *more money for North Herts £217K in 16/17 has gone up to £283K in 17/18 and updated flexible guidance issued by DWP in Dec 16 on using it for preventing homelessness e.g. for rent deposits, rent in advance issued December 2016*

More information on the FHSG Grant

- * The TA Management Fee (£60 a week) paid by DWP through HB to local authorities for each placement in some types of Temporary Accommodation (mainly under a lease) will be replaced by a new grant with increased overall funding giving you greater flexibility in managing homelessness pressures
- * From April 2017 every Council has received the Flexible Homelessness Support Grant - <https://www.gov.uk/government/publications/flexible-homelessness-support-grant-2017-18-to-2018-19>
- * The HB/Housing Costs element will continue to be paid by DWP. This will move to standard Local Housing Allowance rates as Universal Credit rolls out.
- * £196 million 2017/18, and £617 Million over next 3 years

You could look to add other sources of money to the 'resources' pot

- Section 106 Affordable Housing Pot – May be able to be used to pay for staffing and revenue costs to access private rented accommodation
- If there is access to any supporting people funded 'floating support' service this could be re-commissioned or used to provide an intervention team to prevent targeted at AST or social housing tenants facing possession and cases at risk of homelessness from parents or relatives
- North Herts Private Sector Housing Team could support work with landlords to access to PRS for prevention

How should you use the Money

One big pot of money to prevent and Tackle Homelessness and for costs of managing TA. Use the expanded total Pot of Money to commission what you need:

- Extra Staffing
- Rent in Advance/Rent Deposits – (pay from DHP Grant)
- Rent Top Ups – DHP and Homeless Prevention Fund
- Rent Arrears ‘Deals’ – Homeless Prevention Fund (can’t use DHP for this)
- Prevention Fund for Prevention Actions
- Landlord Incentive Deals to access the PRS in the numbers required
- New accommodation schemes

Start to prepare now – need to change your structure?

- Look at your structure and start to consider changes now. The focus will be on prevention and less focus on some of the part 7 tests we currently apply
- Tests of Eligibility and Homelessness will still be up front as will be whether the applicant has met an interim accommodation duty on the basis that they might be eligible, might be homeless and might be in priority need
- However, the tests for whether a full and final TA accommodation duty is owed if an applicant is in priority need and not intentionally homeless is ‘parked’ to much later in the process until the outcome of the relief duty is known

Start to prepare now – need to change your structure?

3 Blocks of Work Structure model

Work Block 1 – Delivering the 3 assessment duties following a homeless application

- a) Assessment 1: Are you eligible and homeless or threatened with homelessness
- b) Assessment 2: Your housing needs, circumstances, any support needs and what accommodation would be suitable
- c) Assessment 3: Discussion re the steps reasonable for the Council and applicant to take then issue the PHP

Notification of duty owed or not and if owed the outcome of assessment 2 and assessment 3 – section 184 notification needed

Start to prepare now – need to change your structure?

Work Block 2 – Prevention and Relief Casework

Either specialisms for Prevention or Generic?

Specialisms: Section 21 and possession cases and social housing possession

Family friend exclusions

Relationship breakdown

Debt

Relief casework – Accommodation finding service working with you – Think ‘Personal shopper’ idea

Start to prepare now – need to change your structure?

Work Block 3: Accommodation Procurement and TA

Nature of TA changes – need short term, fast turnover whilst 6 months accommodation sourced

Less stage 2 TA needed to meet a main statutory duty as fewer will be owed that duty

Accommodation, accommodation, accommodation needed for singles and families

Use replacement management fee flexibly for top ups

Structure Post HRA Models

The Models to consider

Delivering the new Initial Assessment and casework

Model 1: Generic Options Team undertake Block 1 and Block 2

Pros – *Continuity, one case officer responsible beginning to end of application*

Cons – *May be get ‘bogged down’ in block 1 work leaving not enough time for block 2 prevention casework*

Model 2: A separate initial assessment and advice team for block 1 freeing up options caseworkers for block 2 prevention work

Pros – *More targeted resources to do the prevention and relief work*

Cons – *handover of case and personal plan from team 1 to team 2*

Structure Post HRA Models

Delivering the Prevention and Relief Duties Models:

Model 1: New duties only delivered by the Housing Options Team

Specialist Prevention work streams or generic one team for all prevention and relief work

Model 2: New duties split e.g. Single homeless 3rd sector body contracted to deliver prevention and Relief duties for singles (all or those not likely to be priority need)

Families with Housing Options who will make any decisions on ending duties, interim duty and accepting a final main duty

Structure Post HRA Models

The potential Role of commissioning the 3rd sector to deliver part of the new prevention and relief duties?

1. Taking applications?
2. Undertaking the new assessments and delivering the Personal Plan?
3. Accepting a prevention or relief duty?
4. Carrying out casework?
5. Accepting an interim accommodation duty?
6. Ending a duty where that is negative and issuing the statutory notification?

Start to prepare now

1. Think about how to recruit. Everyone trying to recruit at the same time!
2. Structure your prevention work – Free Toolkits available to help you. The objective should be to structure prevention casework with a formal ‘offer to resolve’ to any landlord, parent excluder
3. Develop now your pathway plans for the singles and families where their homeless problem is more than a roof
4. Trial the new duties – the assessment duty, the issuing of Personal Plan – Pilot different models and record the time it takes.
5. Look for ‘Psychologically informed Training’ and delivery in a psychologically informed environment. This will only work if the staff have the skills set to make it work

Start to prepare now

- * Need to get your partners on board as they will be critical for helping you to prevent homelessness
- * Statutory and voluntary sector partners need to be fully committed
- * Inform the Homeless Forum and plan joint working through it
- * Develop an implementation plan for the HRAct
- * Update your Homelessness Strategy and most importantly the action plan in early 2018 to reflect the new duties
- * Look at the IT implications

Getting used to a whole new way of working

- * The biggest complaint from local authorities is that they are “*drowning in paperwork and legal notification letters*”
- * Every case will be open longer and require more extensive casework
- * The way the Government are likely to measure success will be the % of those owed the new prevention and relief of homelessness duties where the outcome was positive

Getting used to new way of working

- **Will need a big change in mindset** - no longer one application and one statutory decision on that application (section 184)

Will need to get used to concept of one application and several statutory decisions with a requirement to keep going back to the application and assessment

- **33 working days decision target thrown out of the window** – a case could be open for 112 days or more or for months if you decide not to take the power to end the duty
- **Change in ‘mindset’ – Many parts of Part 7 assessment relegated in importance - IH and Non priority decisions**
- * **Intentional homelessness – a thing of the past? – just 1.4% of total decisions (9% and rising in England)**
- * **Not in priority need just 4.4% of decisions in Wales (17% E)**

Impact – Learning from Wales

- * Successful outcome – 65% for prevention duty and 45% for the relief duty in Wales. Main duty acceptances down 69%
- * High drop out rate – Wales nearly 10% where a duty was ended through withdrawal or contact lost. *Similar*
- * Up to 50% or more of those helped are single people many of whom would have previously just received the basic non priority advice duty – *Will this be replicated?*
- * Only 23% preventions were keeping people in the home they are in – means 77% require other accommodation – not sustainable
- * Intentionality decisions down to 1% (currently 9%) Not in P need 4% (currently 18%). TA down 20%

How will the HRA impact on the type and number of TA units needed?

Current TA Model

- *Emergency TA whilst assessment of homeless application*
- *Then if main duty accepted – longer term – Stage 2 TA (more likely to be self contained) until social housing or PRSO to end duty*

Post HRA TA Model

- The type and number of TA Units change
- Nature of TA changes – need short term, fast turnover whilst accommodation with reasonable prospect of being available for 6 months to end prevention or relief duty sourced
- Less stage 2 TA needed to meet a main statutory duty as fewer will be owed that duty
- Fewer applicants go into TA due to prevention duty
- More applicants leave TA due to more flexibility to end Relief duty
- But non TA accommodation, accommodation, and more accommodation needed to successfully end the Prevention or Relief duties

Implications for Housing Applications and the Allocation Policy

- * Definition of reasonable preference is likely to include those applicants owed the a prevention or relief duties.
- * Will this drive up lettings to the homeless and those threatened with homelessness
- * What preference – band/points level to give? Where would they sit in your banding system
 - a) Prevention duty likely PN not IH
 - b) Prevention duty not likely PN or likely IH
 - c) Relief duty likely PN not IH
 - d) Relief duty not likely PN or likely IH
 - e) Full final duty

Should we embrace the Act or come on board screaming and kicking?

Over to you – it won't work unless everyone is committed to making it work

- It won't build produce one more unit of accommodation
- It won't reverse welfare reform

But

- It finally puts a statutory framework to the good preventative work local authorities do
- It will better protect Options Services from council financial cuts as it prevention will be a statutory duty
- It puts prevention of homelessness at the centre of the legal framework
- If we make it work it will last for a generation or more

More rights balanced by more flexibility on how to end the duty

- * Application triggered on 56 day risk bringing people into the application process and receiving statutory help
- * If then homeless or threatened with homelessness there is a duty to real help – ‘the reasonable steps’ – real help that is ‘blind’ to whether they are or may be owed a main duty
- * Rights to real help set out in a personal plan that has been developed to reflect that applicant’s needs and circumstances
- * What is currently the main housing duty or intentional homeless duty will only apply if the applicant remains homeless at the end of the Relief duty

More rights balanced by more flexibility on how to end the duty

- * Therefore little point in making a decision on whether the main duty is owed (i.e. are they in priority need and not intentionally homeless) until you know the relief duty will be unsuccessful
- * Any suitable accommodation secured of any tenure with a reasonable prospect of being available for 6 months or more ends the prevention or relief duties –This recognises reality of housing supply in North Herts
- * Non cooperation with the help provided has a consequence as does refusing suitable accommodation made to resolve homelessness

New extended Advice Duty

Strengthened General Duty to provide an Advice Service

Much more prescriptive about the type of housing advice to be provided. The local authority must provide:

preventing homelessness

securing accommodation when homeless

What the rights are of homeless people

Set out the help that is available from the Council or other services in your area and how to access help

Must be tailored to meet the needs of specified groups

New extended Advice Duty

New extended advice duty is that your service must be tailored to meet the needs of vulnerable groups where there problems are 'more than just the need for a roof'

- Care leavers
- People released from prison or youth detention
- Former members of the regular armed forces
- Victims of domestic abuse
- People leaving hospital
- People suffering mental illness
- Any other group identified by the Local Authority as being at particular risk of homelessness

This is where the need to develop Pathway Plans comes in

Taking Homeless Applications

- ❖ Applications can be made in person or in writing or from a to be specified public authority
- ❖ Where the council has reason to believe that the applicant may be homeless or threatened with homelessness (TWH) within next 56 days (was 28 days)
- ❖ Then triggers enquires from the Council into whether the person is eligible and homeless or TWH within 56 days
- ❖ If they are a new duty to take reasonable steps to prevent their homelessness (if not yet out), or
- ❖ A new duty to take reasonable steps to resolve their homeless if the council is satisfied they are homeless

Duty to assess the applicants needs

If the Council is satisfied that the applicant is homeless or TWH within 56 days triggers a brand new duty to assess:

1. The circumstances causing homelessness
2. The housing needs of the applicant, and any household members
3. What accommodation would be suitable for the applicant to obtain or retain
4. Whether there are any support needs that should be addressed when considering what steps are reasonable to take.

The applicant must be notified in writing of the outcome of this assessment

Duty to issue a Personal Plan

Next the Council must discuss with the applicant and seek to agree:

- 1 The steps that the applicant should take to keep their accommodation or resolve their homelessness (depending on which duty is owed)
- 2 In deciding on the reasonable steps to take the Council must fully consider the assessment into the needs and circumstances that caused the problem and support needs
- 3 The reasonable steps must be confirmed in writing set out in a Personalised Plan
- 4 If the applicant doesn't agree the steps they can be 'imposed' but with a written justification
- 5 The plan and assessment must be kept under review until the duty ends

How long does the prevention or relief duty last?

- * Both the Prevention and the Relief Duties last for a minimum of 56 days unless any threat of homelessness is resolved, or the applicant accepts or refuses suitable accommodation, or in the case of the prevention duty they become homeless before 56 days ends
- * Prevention duty doesn't have to be ended after 56 days
- * Valid private rented section 21 notice cases the prevention duty remains until resolved or the tenant becomes homeless
- * Local connection does not apply during the prevention duty
- * Local connection can be applied at the relief duty stage
- * New type of referral – referral of the duty to relieve homelessness made to the Council where there is a local connection

Main ways the prevention or relief duty comes to an end

1. The Council decide that the applicant now has suitable accommodation with a reasonable prospect of at least 6 months. (This could be due to prevention work, or accommodation offered and accepted, or what the applicant has taken action themselves to find accommodation or to resolve any threat of homelessness)
2. 56 days has ended
3. The applicant has become homeless
4. The applicant has refused an offer of suitable accommodation The applicant has deliberately and unreasonably refused to cooperate with the actions they agreed to take
5. They have withdrawn their application or lost contact

CABINET 26 SEPTEMBER 2017
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*PART 1 – PUBLIC DOCUMENT	AGENDA ITEM No. 13
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TITLE OF REPORT: BUSINESS RATES PILOT AND BUSINESS RATES POOLING

REPORT OF THE HEAD OF FINANCE, PERFORMANCE AND ASSET MANAGEMENT
EXECUTIVE MEMBER: COUNCILLOR JULIAN CUNNINGHAM
COUNCIL PRIORITY: RESPONSIVE AND EFFICIENT

1. EXECUTIVE SUMMARY

- 1.1 The Department for Communities and Local Government have issued an invitation for Authorities to bid to become 100% Business Rates retention pilots. The bid needs to come from all the Authorities within Hertfordshire. Indications are that there could be gains for Hertfordshire of **£6-£8 million**. Further work will be carried out to confirm the level of benefits. The bid needs to be submitted by 27th October 2017, and could be subject to a competitive process.
- 1.2 The option for applying to be part of a Business Rates pool is also still available. Indications are that North Hertfordshire District Council (NHDC) would still be part of an optimum pool. The forecast gain across the pool members is around **£2.4 million**, with around a **£0.4 million** gain for NHDC. It is not possible to be part of a pool and a pilot, but it is possible to apply for both.

2. RECOMMENDATIONS

- 2.1 That Cabinet delegates to the Head of Finance, Performance and Asset Management, in consultation with the Executive Member for Finance and IT, authority to decide whether NHDC should be part of the application for a Business Rates pilot and / or a Business Rates pool.

3. REASONS FOR RECOMMENDATIONS

- 3.1 It is recommended that the offers available are reviewed due to the potential financial benefits for NHDC and Hertfordshire as a whole. The delegation is recommended as a result of the timing of when bids need to be submitted.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 NHDC could choose not to be part of a Business Rates pilot or a Business Rates pool. This would mean that it would not be possible for Hertfordshire to apply to be a pilot. A pool could still be formed with other Authorities.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 There is ongoing consultation with the other Hertfordshire Authorities to determine what the financial benefits could be and the level of support for the proposals.

6. FORWARD PLAN

- 6.1 This report does not contain a recommendation on a key decision and has not currently been referred to in the Forward Plan as the announcement about possible Business Rates pilot opportunities was made very recently.
- 6.2 The final decision to be taken under delegated authority could amount to a key decision and therefore will be entered on the Forward Plan in order to comply with constitutional requirements.

7. BACKGROUND

- 7.1 On the 1st September 2017, the Department for Communities and Local Government issued an invitation to Local Authorities to become Business Rates pilots. This document also referenced the opportunity to apply to become a Business Rates pool. It was previously unknown as to whether this option would continue to be available.

- 7.2 Business Rate pilots must be based on functional economic areas, which for two tier areas is the County Council and all Districts. The Pilot areas can retain all the growth in Business Rates income, but does take on some risk of funding falls in Business Rates income. The DCLG is looking for applications that demonstrate:

- Promoting financial stability and sustainability
- Investment in growth
- Consider tier splits

- 7.3 A Business Rates pool allows the Authorities within the pool to reduce the amount of levy payable to the DCLG on any business rate growth achieved above the baseline. A pool can be made up of any Authorities, although it does need to include at least one top-up Authority (i.e. Hertfordshire County Council). To provide the optimum financial gains they usually also include the Districts with the highest forecast Business Rate growth. NHDC was part of a Hertfordshire Business Rates pool in 2015/16 and 2016/17. The financial benefit from being part of the pool was £91k in the first year and £154k in the second year. One of the members of the pool was faced with the prospect of a significant appeal risk in 2017/18 so it was decided to disband the pool to avoid the other pool members being affected by it.

8. RELEVANT CONSIDERATIONS

- 8.1 Early indications are that the combined net benefits for the Hertfordshire Authorities (Hertfordshire County Council and the 10 Districts) of being a Business Rates pilot could be **£6-8 million**. This is based on a forecast of:
- 50% of growth that would have been paid to the DCLG that would now be retained
 - Not having to pay a levy on the retained growth to the DCLG
 - Less having to top-up the Business Rates for any Authority where it drops below a certain level (known as a safety net) that would previously have been funded by the DCLG

- 8.2 As well as the financial benefits, there is also an opportunity for Pilot areas to influence the design of the future 100% Business Rates retention system. For example, this could result in a system that is simpler to operate or possibly improved financial benefits.
- 8.3 The risk of the Pilot is in relation to safety net payments. If some of the Authorities have a drop in Business Rate income then this will need to be funded by those Authorities that have growth, rather than by the DCLG. Overall the pilot area would have a safety net that was set at 3%. If the total Business Rates of the pilot area fell below 97% of the baseline level, then the drop below this level would be funded by the DCLG. The first 3% would equate to around £1.8 million.
- 8.4 There will be some joint work carried out to verify what the potential gains from being a pilot would be. If this confirms the financial benefits, then work will progress towards the details of the bid to the DCLG. It is likely that the number of applicants will be greater than the number of pilots required, so the DCLG may need to go through a selection process based on the bids submitted. The bid therefore needs to address the points referenced in 7.2. The implications of this are likely to be:
- Some of the growth could be retained by Authorities to support their General Fund.
 - The remainder of the growth would need to fund further growth across the County. An early idea is that this could be via One Public Estate, an initiative which aims to unlock the value of public sector owned land.
 - Proposals in relation to tier splits. The current split is that Districts get 80% of any growth (or decline), although this is then subject to a levy. HCC only get 20% of any growth, but this does give them a much more stable budget.
- 8.5 A Business Rates pool application can still be submitted, either alongside or instead of a pilot application. The gains from a pool are that the Districts pay either zero (or a reduced) levy on growth. The risk is that the pool would have to fund any safety net payments if the Business Rates income of any of the Authorities in the pool reduced. Given that the Authorities selected to be in the pool are those that are forecast to have the highest Business Rates growth, the chance of a fall is reduced. As detailed in paragraph 7.3, NHDC gained from being part of the pool in 2015/16 and 2016/17.
- 8.6 It is expected that an application will be made for a Business Rates pool. If this is alongside a pilot application, then it provides a back-up. It is expected that NHDC will still form part of the optimum pool. The current forecast gain across the pool members is around **£2.4 million**, with around a **£0.4 million** gain for NHDC.

8.7 Applications have to be made to the DCLG by 27th October 2017.

9. LEGAL IMPLICATIONS

- 9.1 Cabinet's terms of reference in the Council's Constitution include at paragraph 5.6.1 "To prepare and agree to implement policies and strategies other than those reserved to Council."
- 9.2 Business Rate pools are established under paragraph 34 of Schedule 75 of the Local Government Finance Act 1988 (as inserted by schedule 1 to the Local Government Finance Act 2012).

- 9.3 To be accepted as a pilot for 2018/19, agreement must be secured locally from all relevant authorities to be designated as a pool for 2018/19 (in accordance with Part 9 of Schedule 7B to the Local Government Finance Act 1988) and to put in place local arrangements to pool their additional business rates income.

10. FINANCIAL IMPLICATIONS

- 10.1 These are covered in section 8. The benefits from a Business Rates pilot are forecast to be around **£6-8 million**. NHDC should expect to get some of this benefit directly as additional income. There would also be the indirect benefits from any money that is invested in promoting further Business Rate growth. The overall benefits of a Business Rates pool are forecast to be lower i.e. around **£2.4 million** in total, with a NHDC share of around **£0.4 million**. Under a pooling arrangement there would not be any specific investment in growth.

11. RISK IMPLICATIONS

- 11.1 Under either a pool or pilot arrangement, the Authority would be taking on a higher amount of risk. Under either scenario there is the potential for there to be a need to contribute towards funding that would otherwise have been provided by the DCLG. The additional financial modelling work that will take place during September will further analyse the level of risk involved. Current indications are that the risk is worth taking as the potential benefits are both greater in value and more likely to happen.

12. EQUALITIES IMPLICATIONS

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

13. SOCIAL VALUE IMPLICATIONS

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

14. HUMAN RESOURCE IMPLICATIONS

- 14.1 There are no HR implications in relation to this report.

15. APPENDICES

- 15.1 Appendix A - Business Rates systems and terminology.

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17. BACKGROUND PAPERS

17.1 None.

Appendix A - Business Rates systems and terminology

Current System

Local Authorities retain 50% of Business Rates, with the remaining 50% going to the Department for Communities and Local Government (DCLG). In two tier areas the Local Authority share is split 80% (40% of the total) to the District Council and 20% (10% of the total) to the County Council. However this is combined with an assessment of need, known as a **baseline**. Where the assessed need is greater than the share of Business Rates, then a **top-up** is received. Where the assessed need is less than the share of Business Rates, then a **tariff** is applied (i.e. additional money paid to DCLG). In Hertfordshire, Districts are **tariff** authorities and the County Council is a **top-up** authority.

Growth in Business Rates is also restricted. Where a 1% growth in Business Rates would lead to a greater than 1% growth in funding, then the growth that is actually received is restricted by a **levy**. Across Local Government this **levy** is used to fund **safety nets**. **Safety nets** are payments received by Authorities that see their Business Rates income drop more than 7.5% below their **baseline**.

Business Rates pooling

The pool is generally formed of one **top-up** authority (County) and a number of **tariff** authorities (Districts). Where the sum of the **tariffs** is less than the value of the **top-up**, then no **levy** on growth is paid by pool members. It is not possible to perfectly align the value of **tariffs** and **top-ups**, so if the value of **tariffs** is slightly more than the **top-up** value then a **levy** is still paid but it is significantly reduced. The disadvantage of a pool is that they have to fund a pool member that ends up in a **safety net** position, rather than this being funded by the DCLG.

Future system

The proposed future system is known as 100% Business Rates retention. This means that 100% of Business Rates are retained within Local Authorities. There will still be **tariffs** and **top-ups** to provide redistribution according to assessed need. The Treasury have calculated that the net income that the DCLG receives from Business Rates to be around £12 billion. DCLG are therefore looking to transfer additional services to Local Authorities of this value. The LGA are petitioning that existing pressures should be funded first.

It is expected that there will be a change in tier splits i.e. the split of Business Rates income between Counties and Districts. Given that there will still be **tariffs** and **top-ups**, a higher share of Business Rates gives more opportunity to benefit from growth, but also gives greater exposure to variations in funding and therefore drops in income.

Safety nets are still expected to be applied although these will be funded from a top-slice of the total funding available. As highlighted by the pilot, the DCLG are looking at whether the risk of **safety nets** could be managed at a local level. Pilot areas would still have **safety nets**, but these are far less likely to be used as it would require a drop in Business Rate income across a number of areas, rather than one particular area.