

Public Document Pack

10 November 2017

Our Ref IG/Cabinet/21.11.17
Your Ref.
Contact. Ian Gourlay (01462) 474403
Direct Dial. (01462) 474403
Email. ian.gourlay@north-herts.gov.uk

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-Chair)
Councillor Jane Gray, Executive Member for Leisure
Councillor Tony Hunter, Executive Member for Community Engagement and Rural Affairs & Royston and District Committee Chairman
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, 21ST NOVEMBER, 2017 AT 7.30 PM

Yours sincerely,



David Miley
Democratic Services Manager

Agenda **Part I**

Item	Page
1. APOLOGIES FOR ABSENCE	
2. MINUTES - 26 SEPTEMBER 2017 To take as read and approve as a true record the minutes of the meeting of the Cabinet held on 26 September 2017.	(Pages 1 - 12)
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. The Chairman will decide whether any item(s) raised will be considered.	
4. CHAIRMAN'S ANNOUNCEMENTS Members are reminded that any declarations of interest in respect of any business set out in the agenda, should be declared as either a Disclosable Pecuniary Interest or Declarable Interest and are required to notify the Chairman of the nature of any interest declared at the commencement of the relevant item on the agenda. Members declaring a Disclosable Pecuniary Interest must withdraw from the meeting for the duration of the item. Members declaring a Declarable Interest which requires they leave the room under Paragraph 7.4 of the Code of Conduct, can speak on the item, but must leave the room before the debate and vote.	
5. PUBLIC PARTICIPATION To receive petitions, comments and questions from the public.	
6. ITEMS REFERRED FROM OTHER COMMITTEES Any Items referred from other committees will be circulated as soon as they are available.	
7. STRATEGIC PLANNING MATTERS REPORT OF THE HEAD OF DEVELOPMENT AND BUILDING CONTROL	(Pages 13 - 18)

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. **SECOND QUARTER REVENUE MONITORING 2017/18** (Pages
REPORT OF THE HEAD OF FINANCE, PERFORMANCE AND ASSET 19 - 26)
MANAGEMENT

To consider the Second Quarter Revenue Budget Monitoring Report 2017/18.

9. **TREASURY MANAGEMENT SECOND QUARTER 2017/18** (Pages
REPORT OF THE HEAD OF FINANCE, PERFORMANCE AND ASSET 27 - 32)
MANAGEMENT

To consider the Second Quarter Treasury Management Monitoring report 2017/18.

10. **SECOND QUARTER CAPITAL MONITORING 2017/18** (Pages
REPORT OF THE HEAD OF FINANCE, PERFORMANCE AND ASSET 33 - 48)
MANAGEMENT

To consider the Second Quarter Capital Programme Monitoring Report 2017/18.

11. **BUILDING CONTROL COLLABORATIVE ARRANGEMENTS** (Pages
REPORT OF THE CHIEF EXECUTIVE 49 - 54)

To consider the material changes to the Building Control Business Case (in accordance with its resolution of 15 December 2015); and to pass a resolution to delegate statutory Building Control functions to one of the Building Control authorities ('LA1').

12. **EXCLUSION OF PRESS AND PUBLIC** (Pages
To consider passing the following resolution: 55 - 56)

That under Section 100A of the Local Government Act 1972, the Press and Public be excluded from the meeting on the grounds that the following reports will involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the said Act.

13. **BUILDING CONTROL COLLABORATIVE ARRANGEMENTS** 57 - 110
REPORT OF THE CHIEF EXECUTIVE

To consider Part 2 financial information regarding the Building Control collaborative arrangements.

This page is intentionally left blank

Agenda Item 2

NORTH HERTFORDSHIRE DISTRICT COUNCIL

CABINET

MEETING HELD IN THE FOUNDATION HOUSE, ICKNIELD WAY, LETCHWORTH
GARDEN CITY ON TUESDAY, 26TH SEPTEMBER, 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:

David Scholes (Chief Executive), Ian Couper (Head of Finance, Performance and Asset Management), Howard Crompton (Head of Revenues, Benefits and IT), Ian Fullstone (Head of Development and Building Control), Andy Godman (Head of Housing and Public Protection), Martin Lawrence (Strategic Housing Manager), Louise Symes (Strategic Planning and Projects Manager), Anthony Roche (Corporate Legal Manager) and Ian Gourlay (Committee and Member Services Manager)

Also Present:

Councillor Cathryn Henry (chairman of the Overview & Scrutiny Committee), Simon Harwood, Martin Stears-Handscomb and 5 members of the public.

26 APOLOGIES FOR ABSENCE

There were no apologies for absence.

27 MINUTES - 25 JULY 2017

RESOLVED: That the Minutes of the Meeting of Cabinet held on 25 July 2017 be approved as a true record of the proceedings and signed by the Chairman.

28 NOTIFICATION OF OTHER BUSINESS

There was no notification of other business.

29 CHAIRMAN'S ANNOUNCEMENTS

- (1) The Chairman announced that Members of the public and the press may use their devices to film/photograph, or do a sound recording of the meeting, but she asked them to not use flash and to disable any beeps or other sound notifications that emitted from their devices. In addition, the Chairman had arranged for the sound at this particular meeting to be recorded;
- (2) The Chairman reminded Members that, in line with the Code of Conduct, any Declarations of Interest needed to be declared immediately prior to the item in question;
- (3) The Chairman asked that, for the benefit of any members of the public present at the meeting, Officers announce their name and their designation to the meeting when invited to speak.

30 PUBLIC PARTICIPATION

The Cabinet was addressed by Councillors Martin Stears-Handscomb and Simon Harwood in respect of Play Areas in Hitchin.

Councillor Stears-Handscomb advised that when the Hitchin Committee was consulted on the Play Area proposals in the Green Space Strategy in March 2017, councillors of all parties expressed their concerns. Whilst the Committee understood the financial constraints the Council was under, Members were aware, particularly at a time when childhood obesity was such an issue, how important these local play areas were to residents.

Councillor Stears-Handscomb stated that he and Councillor Harwood were tasked by the Hitchin Committee to investigate the feasibility of retaining play areas (identified for closure) in Hitchin. They were asked to think outside the box. They looked at two possibilities:

1. As Cabinet Members were aware, the Council had only reluctantly sought to close these play areas and had asked officers to investigate whether there were local groups who would be willing to take over managing the play areas and to support them. They held a very interesting and useful meeting with Councillor Gray and the relevant officers. It was clear that not only were the play areas marked as 'Remove equipment & landscape back to green space' under threat, but also those marked 'Retain with limited investment' in the medium term. Finding a group willing to take all these over would be in the interests of the Council – particularly as the cost per play area would go up, the fewer play areas maintained. Councillor Harwood investigated how a group could be enabled and encouraged to do this both practically and financially and reported back. The Committee welcomed their report in this area and were concerned that the possibility was well promoted.
2. They were conscious that they, as local councillors, knew their local play areas in a way that councillors from other areas did not. Urban play areas were different from rural play areas. Had Hitchin had a parish or town council, this would be the sort of facility that would be provided by that council. Was there a way that, despite being unparished, the residents of Hitchin could pay for and retain their play areas? The answer was yes there was (though with some caveats and complications). Special expenses could be declared which applied to unparished areas in the same way that parish precepts were added to council tax. Councillor Stears-Handscomb met with the former Strategic director of Finance, Policy & Governance and Head of Finance, Performance & Asset Management to discuss the possibility and reported back to the Committee earlier in the year. The Committee also agreed to pursue this option, hence the Committee asked Councillors Stears-Handscomb and Harwood to make this presentation to Cabinet at the earliest opportunity, although Councillor Stears-Handscomb said there were caveats and complications. In further e-mail correspondence with the Head of Finance, Performance & Asset Management, it became clear that Special Expenses could not simply apply to some play areas, but would mean all play areas, so if the possibility of using special expenses was pursued then this would apply to all play areas. An added complication was that some of the play areas were in a parished area (i.e. Royston). While there were ways round this, as Special Expenses came within the capping regime, the Council would save precept if Royston Town Council took the responsibility for the play area contract in their area.

On behalf of Hitchin Committee, Councillors Stears-Handscomb and Harwood requested that Cabinet noted their efforts to find a group to manage play areas in Hitchin and that Cabinet followed up the possibility of using Special Expenses to secure the future of play areas in the preparation of the estimates for future years.

The Chairman thanked Councillors Stears-Handscomb and Harwood for their presentation.

During a period of Members' questions, Councillors Stears-Handscomb and Harwood clarified the following matters:

- Councillor Harwood understood that, if there were appropriately formed groups of residents then, as with any community group, they would be able to apply to the Area Committees for revenue grant funding to support their activities, dependent of course on them meeting the criteria set out in the Council's Grants Policy. The capital expenditure was a different matter, although again if the group(s) was/were properly constituted there was the possibility that they may be eligible for financial assistance in this regard, as well;
- Councillor Harwood acknowledged the work of officers in encouraging groups to come forward to maintain the play areas, but understood that no such group had come forward in Hitchin, and he wondered whether the details had not been publicised as widely as possible in the town. In addition, he felt that there may well be some hesitancy amongst interested parties in the bureaucracy required to form themselves into legally constituted organisations;
- In respect of special expenses, Councillor Stears-Handscomb was clear that these could not be used simply to reverse a decision of the Council. However, he considered that special expenses could be used, if the Council so wished, to secure those play areas that were not under immediate threat, but for which there were no plans to replace the equipment once it had gone beyond its useful life;
- Councillor Stears-Handscomb added that the issue of fairness had also come into his thinking, as special expenses could be used to even out things that were done in the villages, but not done in urban areas.

The Chairman asked the Head of Finance, Performance and Asset Management for clarification of special expenses, as her understanding was that, should Hitchin ask for them and the request was granted, then Hitchin would receive a Council Tax increase, with Baldock, Letchworth Garden City and Royston receiving a commensurate Council Tax reduction, but that the Council's overall Council Tax income would remain unchanged.

The Head of Finance, Performance and Asset Management stated that it was correct that special expenses did not create any additional resources, particularly as it would be proposed in future years to raise Council Tax at the Referendum capping level. If special expenses were applied to one area or a number of areas then they would need to be applied to all relevant areas (in this case to all areas which maintained play areas). In effect, the rural areas would see Council Tax decreases, and conversely the urban areas would see Council Tax increases.

31 ITEM REFERRED FROM OVERVIEW & SCRUTINY COMMITTEE: 18 JULY 2017 - REPORT OF THE TASK AND FINISH GROUP ON THE COUNCIL'S MANAGEMENT OF LARGER PROJECTS

The Chairman of the Overview and Scrutiny Committee presented a referral from that Committee, made at its meeting held on 18 July 2017, in respect of the Report of the Task and Finish Group on the Council's Management of Larger Projects (Minute 24 refers). She commented that a number of the Task and Finish Group's original recommendations had been amended by the Overview and Scrutiny Committee at the meeting on 18 July 2017. Therefore, for ease of reference, she read out the 10 recommendations to Cabinet 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.

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.

Recommendation 3 (as amended by the O & S Committee) – 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 (as amended by the O & S Committee) – 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 – 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.

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

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

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

Recommendation 9 (as amended by the O & S Committee) – 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 – The Council should be mindful of the disadvantages of the Competitive Dialogue process and think very carefully before using it again in future projects.

The Cabinet considered the recommendations one by one. Recommendations 1, 2, 4, 6, 7 and 10 were supported. Recommendations 3, 5, 8 and 9 were amended for various reasons. It was therefore

RESOLVED: That, in respect of the recommendations of the Task and Finish Group on the Council’s Management of Larger Projects:

(1) Recommendations 1, 2, 6, 7 and 10, and Recommendation 4, as amended by the Overview & Scrutiny Committee, be supported;

(2) Recommendation 3, as amended by the Overview & Scrutiny Committee, be further amended to read:

“The Council’s financial information should be comprehensive and presented in an appropriate form that may be easily understood”;

(3) Recommendation 5 be amended with the removal of the second sentence, to now read:

“Projects are constrained by the resources that the Council has available. The Council should ensure that large projects are properly resourced. If adequate resources are not available, the project should not begin until they are.”

(4) Recommendation 8 be re-drafted to reflect the Council’s Constitutional position on Project Boards as follows:

“The Chief Executive appoints the Lead officer for the Project Board, who will chair and choose the membership in consultation with the Leader of the Council. Membership

will take into account the number of Members/Officers, the risk and/or profile of the project and the skills and experience that will benefit the project (this list is non exhaustive). It may include external support. Membership usually includes appropriate Cabinet members”; and

- (5) Recommendation 9, as amended by the Overview & Scrutiny Committee, be further 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 inform the public throughout the life of the project.”

REASON FOR DECISION: To respond to the Recommendations of the Task and Finish Group and Overview & scrutiny Committee regarding the report on the Management of the Council’s Larger Projects.

32 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; Government announcements; and Ongoing Policy work. The following appendices were submitted with the report:

Appendix A – Copy of NHDC response to Central Bedfordshire Local Plan Regulation 18 consultation; and

Appendix B – Copy of NHDC response to Uttlesford Local Plan Regulation 18 consultation.

In respect of Duty to Co-operate, the Executive Member for Planning and Enterprise advised that, since June 2017, Memoranda of Understanding had 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 Enterprise. Others that were in the process of being agreed and signed were with Aylesbury Vale District Council and Luton Borough Council

With regard to other Local Plans and Examinations, the Executive Member for Planning and Enterprise reported as follows:

- Central Bedfordshire - The Regulation 18 consultation on the Central Bedfordshire Council draft Local Plan closed on Tuesday, 29 August 2017. The North Hertfordshire District Council response was attached at Appendix A to the report;
- Uttlesford - Uttlesford District Council had recently undertaken their Regulation 18 stage consultation on their Local Plan, which closed on Monday, 4 September 2017. Again, North Hertfordshire District Council had submitted a response to this consultation, which was attached at Appendix B to the report;
- Luton - The Inspector’s report on the examination into the Luton Borough Council Local Plan 2011-2031 had now been published. The Inspector had concluded that, with the recommended main modifications to the Plan, the Luton Local Plan satisfies the various legal requirements, and had found the Plan to be sound. Luton Council would consider this report and adoption of the Plan at a future Council meeting;
- Stevenage – Stevenage Borough Council was awaiting the Inspector’s report on the modifications to its Plan following the Examination held earlier in 2017;
- East Hertfordshire - East Hertfordshire District Council had submitted its Local Plan to the Secretary of State for Examination on 31 March 2017. Stage 1 would take place from 3 to 12 October 2017 and the Stage 2 sessions were scheduled run from 7 to 10 November 2017; and

Tuesday, 26th September, 2017

- Welwyn Hatfield - Welwyn Hatfield Borough Council had submitted their Local Plan to the Secretary of State for Examination on 15 May 2017. Stage 1 would take place on 21 September 2017 (and 22 September 2017, if required). The Stage 2 sessions were scheduled to run from 24 October 2017 to 3 November 2017.

In relation to the North Hertfordshire Local Plan, the Executive Member for Planning and Enterprise advised that the Examination Inspector had published the timetable and schedule of matters for consideration at the Examination. The sessions would be held during the weeks commencing 13, 20 and 27 November 2017, and during the week commencing 11 December 2017. All sessions would be held at the Ickniel Centre in Letchworth Garden City. Everyone who had made a representation would be contacted by the Programme Officer and provided with the details and guidance notes for the hearing sessions.

In respect of Neighbourhood Plans, the Executive Member for Planning and Enterprise explained that the Council, in consultation with Pirton Parish Council, had appointed an independent examiner into the Pirton Neighbourhood Plan. The Examination will be undertaken during October 2017 and was anticipated to be dealt with by written representation. The Council was in the process of providing all necessary documentation to the examiner. As previously reported, consultation on the Wymondley Neighbourhood Plan had taken place between 23 June 2017 and 4 August 2017. Responses were received from approximately 30 individuals and organisations. Officers were in the process of collating the representations received which would then be made available to view on the Council's website. Once collated, these would be considered by an independent examiner.

With regard to Government announcements, the Executive Member for Planning and Enterprise advised that the Government had published its latest consultation paper on the Housing White Paper. It stipulated that, as from March 2018, the method of calculating a Local Authorities Objectively Assessed Need for housing growth should be based on a standard formula (which should be based on Office of National Statistics figures). For North Hertfordshire, there was therefore the potential for a further 40% increase in the number of dwellings required to be built in excess of those already identified in the Local Plan. However, those Local Authorities who had progressed their Local Plans up to Examination Stage would be allowed to rely on the housing figures set out in their published Plans.

The Executive Member for Planning and Enterprise answered a number of Member's questions on the report.

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.

33 FIRST QUARTER REVENUE MONITORING 2017/18

The Executive Member for Finance and IT presented the report of the Head of Finance, Performance and Asset Management in respect of the First Quarter Revenue Budget Monitoring 2017/18.

The Executive Member for Finance and IT pointed out an error in Table 2 of the report, in that the heading in the final column of the table should read "2018/19" and not "2017/18".

The Executive Member for Finance and IT referred to some of the significant variances in Table 2, including Parking – Penalty Charge Notice income; Housing Benefit - Contribution to bad debt provision in respect of benefit overpayments income; and Careline – Net Direct Trading Expenditure.

In relation to Careline – Net Direct Trading Expenditure, the Executive Member for Housing and Environmental Health questioned whether or not information concerning Careline's Trading Account, which was potentially commercially sensitive as it operated in a competitive environment, should be included in future Revenue Monitoring reports. The Executive Member for Finance and IT undertook to arrange a meeting with him, the Head of Finance, Performance & Asset Management and Head of Housing & Public Protection to discuss this matter in more detail.

RESOLVED:

- (1) That the report be noted;
- (2) That the changes to the 2017/18 General Fund Budget, as identified in Table 2 and Paragraph 8.2 of the report, and involving an increase in net expenditure of £208,000, be approved; and
- (3) That the changes to the 2018/19 General Fund Budget, as identified in Table 2 and Paragraph 8.2 of the report, and involving an increase in net expenditure of £158,000, be noted, and that these be incorporated into the draft Revenue Budget for 2018/19.

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

34 TREASURY MANAGEMENT FIRST QUARTER 2017/18

The Executive Member for Finance and IT presented a report of the Head of Finance, Performance and Asset Management in respect of the First Quarter Treasury Management Monitoring 2017/18. The following appendix was submitted with the report:

Appendix A – Treasury Management Update – June 2017.

The Executive Member for Finance and IT advised that the current forecast was that the amount of investment interest expected to be generated during the year is £327,000. This was an increase of £60,000 on the original budget.

RESOLVED: That the position of Treasury Management activity as at the end of June 2017, as set out in the report, be noted.

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

35 FIRST QUARTER CAPITAL MONITORING 2017/18

The Executive Member for Finance and IT presented the report of the Head of Finance, Performance and Asset Management in respect of the First Quarter Capital Programme Monitoring 2017/18. The following appendices were submitted with the report:

Appendix A – Capital Programme Summary 2017/18 onwards; and
Appendix B – Capital Programme Detail including Funding 2017/18 onwards.

The Executive Member for Finance and IT referred to the Scheme Timetable Revisions set out in Table 2 of the report. He commented that the revised estimate for Community Facilities Refurbishment was 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. In respect of the Royston Civic Centre redevelopment, he confirmed that there was no longer the need for this project. As the project was GAF funded, it would be requested that this resource be

reallocated to the Transport Plans budget given that there were likely to be projects emerging from these in the near future.

With regard to Table 3 of the report concerning Changes to Capital Schemes commencing in 2017/18, the Executive Member for Finance and IT explained that the refurbishment of the District Council Offices (DCO) project costs had slightly increased due to enhanced works to the Reception area and to enable Careline to move into the DCO from Harkness Court in Hitchin.

RESOLVED:

- (1) That the forecast expenditure of £15.139million in 2017/18 on the Capital programme, as set out in Paragraph 8.2 of the report, be noted, and the changes detailed in Table 3 of the report, which resulted in a net decrease of the working estimate of £0.217million, be approved;
- (2) That the changes to the Capital Programme for 2018/19 and onwards as a result of the revised timetable of schemes detailed in Table 2 of the report, increasing the estimated spend in 2018/19 by £5.234million (re-profiled from 2017/18), be noted, and that these be incorporated into the draft Capital Programme for 2018/19 onwards; and
- (3) That the position of the availability of capital resources, as detailed in Table 4 of the report, and the requirement to keep the Capital Programme under review for affordability, be noted.

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

36 COUNCIL TAX REDUCTION SCHEME 2018/2019

The Executive Member for Finance and IT presented a report of the Head of Revenues, Benefits and IT in respect of the Council Tax Reduction Scheme (CTRS) 2018/19.

The Executive Member for Finance and IT advised that should the Council wish to change the CTRS for 2018/19 then it would need to carry out a public consultation exercise. Historically, where the Government had changed regulations relating to Housing Benefit matters, the Council had sought to replicate this as far as possible through the CTRS.

The Executive Member for Finance and IT drew attention to Section 8 of the report, which proposed two minor changes to the proposed CTRS for 2018/19, namely the Disregard of Capital and Income Payments for Bereavement Support Payments; and the Disregard of Payments made by the London Emergencies Trust and the We Love Manchester Emergency Fund. It was anticipated that neither of these minor changes would impact on the overall operation of the CTRS. A public consultation exercise would be undertaken, but would be a fairly low key exercise.

The Executive Member for Finance and IT referred to the charts in Paragraphs 7.7 and 7.8 of the report, which showed that the number of claimants under the CTRS had reduced from 9,100 in 2013/14 to 7,350 in 2017/18.

The Executive Member for Finance and IT explained that there would be risks going forward, in terms of the impact of Universal Credit, and the extent to which Hertfordshire County Council might wish to increase its Council Tax precept. The current £660,000 scheme surplus would be retained to safeguard against further claims.

In respect of proposed Recommendation 2.6 of the report, it was agreed that the word "increase" be changed to "amend".

RESOLVED:

- (1) That the current position relating to the current and previous financial years on the Council Tax Reduction Scheme (CTRS) be noted;
- (2) That there be no substantive changes to the Council Tax Reduction Scheme for 2018/19;
- (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; and
 - 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, Benefits & IT should carry out the necessary public consultation;

- (4) That the Executive Member of Finance and IT be consulted on the content of the consultation questionnaire;
- (5) That it be noted that the level of Scheme funding to be allocated to Parish, Town and Community Councils will be the same as 2017/18; and
- (6) That Cabinet considers at its meeting on 19 December 2017 whether there is scope to amend the value of awards, taking into consideration any knowledge at the time on likely Council Tax increases for 2018/2019.

REASON FOR DECISION: To decide on whether or not there will be changes to the Council Tax Reduction Scheme for 2018/2019, thereby enabling the required public consultation to be carried out.

37 PROPOSALS REGARDING THE IMPLEMENTATION OF THE HOMELESSNESS REDUCTION ACT 2017

The Executive Member for Housing and Environmental Health presented a report of the Head of Housing and Public Protection in respect of proposals regarding the implementation of the Homelessness Reduction Act 2017. The following appendix was submitted with the report:

Appendix 1 – Powerpoint slides from Andy Gale Housing Consultant.

The Executive Member for Housing and Environmental Health advised that the Homelessness Reduction Act 2017, which would come into effect on 1 April 2018, was the most significant change to homelessness legislation in the last 40 years. It was expected to result in a doubling of applications to local authorities for homelessness assistance, for the reasons set out in the report.

The Executive Member for Housing and Environmental Health stated that a similar scheme had been operating in Wales for a short time had seen a 26% increase in the number of homelessness applications, but the expectation for England was that this percentage would be much higher.

The Executive Member for Housing and Environmental Health explained that the challenge for local authorities would be a significantly increased officer workload. However, the Government was providing NHDC with a flexible homeless support grant (£124,459 for

2017/18 and £140,930 for 2018/19) to assist with the process. The funding situation after 2018/19 was currently uncertain, although may well be dependent upon the levels of success in the first two years. In addition, transitional “new burdens” funding had been earmarked for a two year period starting in 2018/19, with NHDC’s allocation expected to be in the region of £50,000 to £70,000.

The Executive Member for Housing and Environmental Health commented that the report sought the Cabinet’s approval to allocate the aforementioned funds. He referred to the Table set out in paragraph 10.2 of the report, which showed that the proposal was to split the funding between increased in-house officer capacity (£186,800) and a rough sleeper outreach project (£70,000). A major objective would be to endeavour to source and maintain a supply of private rented sector accommodation for the homeless, although it was acknowledged that this could prove very challenging.

The Executive Member for Housing and Environmental Health, assisted by the Head of Housing and Public Protection and Strategic Housing Manager, answered a number of Members’ questions on the report.

RESOLVED:

- (1) That the proposed measures outlined in Section 8.3 of the report, 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, be approved;
- (2) That the Head of Housing and Public Protection, in consultation with the Executive Member for Housing and Environmental Health, be delegated the power to deploy any unallocated Flexible Homelessness Support Grant in order to best meet increased demand for homelessness services;
- (3) That the Head of Housing and Public Protection, in consultation with the Executive Member for Housing and Environmental Health, be delegated the power to deploy new burdens funding when it becomes available; and
- (4) That the housing services base budget for 2017/18 and beyond be amended, so that the current annual allocation of £6,000 for project work be reallocated to support homelessness prevention activity,

REASON FOR DECISION: 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.

38 BUSINESS RATES PILOT AND BUSINESS RATES POOLING

The Executive Member for Finance and IT presented the report of the Head of Finance, Performance and Asset Management in respect of an invitation from the department of Communities and Local Government for Authorities to become Business Rates retention pilots; and the option for applying to be part of a Business Rates Pool.

The Executive Member for Finance and IT advised that the Government was currently running Business Rates retention pilots in some metropolitan areas, and had now issued an invitation for local authorities on a county wide basis to become pilots. There had been discussions between the Hertfordshire Chief Executives and Chief Financial Officers, who had considered that Hertfordshire should submit a bid. All 11 local authorities in Hertfordshire had to agree to the submission of a bid.

The Executive Member for Finance and IT further advised that for 2 of the last 3 years the Council had participated in a Hertfordshire Business Rates Pooling arrangement, the effect of which had meant that NHDC had been able to retain a slightly higher percentage of the

Tuesday, 26th September, 2017

Business Rates growth than if it had operated outside of the Pool. This had proven to be a not insubstantial contribution to the Council's Revenue Budget at the end of each year.

The Executive Member for Finance and IT explained, however, that it was not possible to be part of a pilot and a pool, but that it was possible to apply for both. In view of the fact that that the pilot bid needed to be submitted to the Government by 27 October 2017, the report recommended that delegated authority be given to apply for a Business Rates retention pilot and/or a Business Rates Pool.

RESOLVED: That the Head of Finance, Performance and Asset Management, in consultation with the Executive Member for Finance and IT, be delegated authority to decide whether NHDC should be part of the application for a Business Rates pilot and/or a Business Rates pool.

REASON FOR DECISION: To secure potential financial benefits for NHDC and Hertfordshire as a whole, and to ensure that bids are made within the stipulated timescales.

The meeting closed at 9.56 pm

Chairman at the meeting on
Tuesday, 26 September 2017

This page is intentionally left blank

CABINET 21 NOVEMBER 2017

*PART 1 – PUBLIC DOCUMENT	AGENDA ITEM No. 7
----------------------------------	--

TITLE OF REPORT: STRATEGIC PLANNING MATTERS

REPORT OF THE HEAD OF DEVELOPMENT AND BUILDING CONTROL

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 Under delegated authority to the Head of Planning and Building Control, in consultation with the executive member for Planning and Enterprise¹ a Statement of Common Ground has been signed with Aylesbury Vale District Council. This can be viewed together with other examination documents on the Council's website at <https://www.north-herts.gov.uk/planning/planning-policy/local-plan/local-plan-examination/examination-documents>
- 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 **Central Bedfordshire Council** - The Regulation 18 consultation on their draft Local Plan closed on Tuesday 29 August 2017. CBC are now processing the representations from the consultation to inform the next iteration of their Local Plan (pre-submission plan) due to be out for consultation in December 2017/January 2018.
- 8.2.2 **Luton Borough Council** – On the 22 August 2017 Luton published the final report of the Planning Inspector who subject to main modifications found their Local Plan to be 'sound'. A report to their Full Council on 07 November 2017 recommended that the Luton Local Plan (2011-31) together with the Policies Map and Town Centre Inset Map, be adopted incorporating the Inspectors Main Modifications.
- 8.2.3 **East Hertfordshire District Council** - The Inspector is currently preparing for the Part 2 hearing sessions which will take place from the 07 to 10 November 2017.
- 8.2.4 **Welwyn Hatfield Borough Council** – The Stage 2 hearing sessions were completed on 26 October 2017. The Inspector then met with the Council on Friday 27 October 2017 to discuss the next steps.
- 8.2.5 **Stevenage Borough Council** – The Inspector has now published their report and the Plan has been found sound subject to the inclusion of the Inspectors main modifications. Stevenage has now commenced its committee processes leading to adoption. A report goes to their Executive on 07 November 2017, papers and the inspectors report can be viewed at <http://www.stevenage.gov.uk/have-your-say/council-meetings/182244/190538/>

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.

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 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>
The Stevenage Inspector's Report has been added to our examination library to aid our Inspector's understanding of cross-border issues and shared evidence.
- 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 The Inspector's timetable and questions for the hearing sessions were published on 25 September 2017. Following comments to the Programme Officer that not enough time had been set aside in the hearing sessions, the Inspector has revised the programme and the deadlines for hearing statements. The revised programme can be viewed on the Council's website:
<https://www.north-herts.gov.uk/planning/planning-policy/local-plan/local-plan-examination/hearing-sessions>
As a result of the revised timetable all sessions relating to site allocations and settlements will now be held in February 2018.

8.4 Neighbourhood Plans

- 8.4.1 Nothing further to report at this point in time.

8.5 Government Announcements

- 8.5.1 Officers are preparing a response to Government's 'Planning for the right homes in the right places' consultation.

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.

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 as reported previously, in October a further vacancy has arisen as a result of maternity leave. Recruitment to these posts has been unsuccessful; however two agency staff of the right experience and competencies have been employed to assist the team through the initial phase of the Local Plan examination. Given the current extended 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 As the dates of the examination have been published and questions are received from the Inspector, Plan Policy officers are focusing 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 None.

16. CONTACT OFFICERS

16.1 Louise Symes, Strategic Planning & Projects Manager
01462 474359 louise.symes@north-herts.gov.uk

16.2 Nigel Smith, Principal Strategic Planning Officer
01462 474847 nigel.smith@north-herts.gov.uk

Contributors

16.3 Ian Fullstone, Head of Development and Building Control
01462 474480 ian.fullstone@north-herts.gov.uk

16.4 Clare Skeels, Senior Planning Officer
01462 474424 clare.skeels@north-herts.gov.uk

16.5 Nurainatta Katevu, Property & Planning Lawyer
01462 474364 nurainatta.katevu@north-herts.gov.uk

16.6 Ian Couper, Head of Financial Services and Risk Management
01462 474243 ian.couper@north-herts.gov.uk

16.7 Kerry Shorrocks, Corporate Human Resources Manager
01462 474224 kerry.shorrocks@north-herts.gov.uk

16.8 Reuben Ayavoo, Senior Policy Officer
01462 474212 reuben.ayavoo@north-herts.gov.uk

17. BACKGROUND PAPERS

17.1 None.

This page is intentionally left blank

CABINET
21 November 2017

***PART 1 – PUBLIC DOCUMENT**

AGENDA ITEM No.

8

TITLE OF REPORT: SECOND 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 second quarter (30 September 2017). The forecast variance is a decrease of **£131k** on the net working budget of **£17.230m** for 2017/18, with an ongoing impact in future years of a **£13k increase**. The most significant variances, which are highlighted and explained in table 2, relate to housing benefits overpayments income (-£200k) and car parking fee income (+£100k). 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 – 8.12)

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 £131k decrease 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 £13k increase in net expenditure. These will be incorporated in 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 28th July 2017.

7. BACKGROUND

- 7.1 Council approved the revenue budget in February 2017 of £16.545 million. As at quarter 2 the working budget has increased to £17.230 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
Quarter 1 2017/18 Revenue Monitoring report - 2017/18 variances approved by Cabinet (September 2017)	208
Current Working Budget	17,230

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 2018/19 £k
Housing Benefit Overpayments Income	-488	-688	-200	Increase in income projection follows the appointment to a temporary post to process changes to payments and raise income invoices accordingly.	0
Car Parking Fee Income	-1,813	-1,713	+100	Budget estimates for 2017/18 anticipated that the outcomes from the review of the Council's Parking Strategy would result in additional annual income of £100k. However, due to staffing resource being reallocated to progress the Local Plan and difficulties appointing to the Transport Officer post, the completion of phase 2 of the review has been delayed and as such it is not expected that the additional income will be realised in this financial year. It is though anticipated that the income target will be achieved in 2018/19. Failure to achieve the budgeted income from car parks was identified as a financial risk in 2017/18.	0
Residents Car Parking Permits Income	-140	-170	-30	Permit sales income recorded in April to September 2017 is similar to that recorded in the same period last year. The outturn in 2016/17 was an overachievement of budgeted income by £30k, which is forecast for this year and on an ongoing basis.	-30
Economic Development Officer	+52	+17	-35	Following the resignation of the Economic Development Officer in July 2017, NHDC has now agreed a shared service arrangement with East Herts District Council. It is anticipated that the recruitment process will be complete by December 2017.	0
Extending the boundary of the Chiltern Area of Outstanding Natural Beauty	+20	0	-20	The application to Natural England to extend the boundary was submitted by the Chilterns Conservation Board on behalf of North Hertfordshire District Council and the Board in 2013. The Council has however not received any further correspondence or update from Natural England as to their decision or when a decision can be expected. It is therefore proposed at this point that the budget for the associated consultants' costs, which was requested to be carried forward into 2017/18, be declared no longer required and that any future requirement for funding in relation to this application be subject to a new revenue investment bid.	0

Budget Area	Working Budget £k	Forecast £k	Variance £k	Reason for difference	Estimated Impact on 2018/19 £k
Income from proposed NHDC Lottery	-50	0	+50	The proposal to launch a lottery was approved as an efficiency proposal within the 2017/18 budget. Officers have since been assessing the options for delivery and the viability of the scheme as a whole. Whilst a recommendation is yet to be made, it has been established that the nature of the process involved prior to launching a lottery means that it is unlikely that any additional income would be generated before the end of 2017/18. Failure to achieve budgeted income from new initiatives was identified as a financial risk in 2017/18.	0
North Hertfordshire Museum and Community Facility Business Rates Assessment	+17	+70	+53	The increase in rates expenditure follows the revised ratings assessment by the VOA as measured at April 2017 (as part of the national business rates revaluation exercise). NHDC have appointed rating consultants to review and, if appropriate, make an appeal against this outcome. An appeal however could take some time for the VOA to process and resolve. It is therefore deemed prudent at this point to adjust for this on an ongoing basis.	+53
Total of explained variances	-2,402	-2,484	-82		+23
Other minor balances	19,632	19,583	-49		-10
Overall Total	17,230	17,099	-131		+13

8.2 Cabinet are asked to approve the differences highlighted in the table above (a £131k decrease 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 £13k 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 underachievement of £115k. This relates to:

- Net overachievement reported at Q1 of £50k
- Underachievement of £150k as detailed in table 2 above (NHDC Lottery £50k and car parking fee income £100k).
- Hybrid Mail; an underachievement of £15k due to delays in implementation. The delay has been due to a wider consideration of the impacts on the organisation of the options available. It is still expected that the forecast savings will be achieved, and could be more than those originally estimated. The impact in this year has been absorbed by other off-setting variances.

- 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 was reported that one carry forward budget of £20k would not be spent. At quarter 2 it is forecast that a further carry forward budget of £20k, earmarked to fund costs associated with the proposed extension of the Chiltern area of outstanding natural beauty, will not be spent and that another carry forward budget, requested to resource the Economic Development Officer post in 2017/18, is expected to be only partially spent (£17k of the £52k budget carried forward) in the current financial year. Both changes are highlighted and explained in table 2. 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 three indicators are green and one indicator is red. The red indicator in relation to car parking fees relates to the additional parking fee income anticipated in 2017/18 from the Parking Strategy review, as detailed in table 2 above.

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)	(595)	(800)	(117)
Land Charges	Green	(174)	(83)	(174)	0
Car Parking Fees	Red	(1,813)	(870)	(1,713)	100
Parking Penalty Charge Notices	Green	(410)	(299)	(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. Current forecasts for 2017/18 are that there will be a surplus on our share of Council Tax of approximately £275k and a deficit on Business Rates of around £400k.
- 8.8 The Council also receives compensation in the form of a grant from Central Government for business rate reliefs introduced, which goes in to our funds rather than the Collection Fund. We are holding this amount in a reserve. Use of the amount held in reserve, currently projected to be £519k at the end of the year, will 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.

- 8.9 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 £466k. The payment of the levy will be funded from the grant held in reserve.
- 8.10 The estimate of retained business rates income for 2017/18 has increased by £17k at Q2. This revision relates to the estimated level of rates income retained from premises being used for renewable energy projects. As the billing authority NHDC retains 100% of business rates income from renewable energy projects, with this income disregarded from all calculations within the rates retention scheme (e.g. does not affect Central Government levy or business rates tariff). In 2016/17 NHDC retained £54k of rates income from hosting renewable energy projects.
- 8.11 Table 4 below summarises the impact on the projected general fund balance from the changes at quarter 2 detailed in this report.

Table 4 – Forecast General Fund impact

	Working Budget £k	Q2 Projected Outturn £k	Difference £k
Brought Forward balance (1st April 2017)	(8,235)	(8,235)	-
Projected Net Spend	17,230	17,099	(131)
Funding (Council Tax, Business Rates, RSG)	(15,556)	(15,573)	(17)
Contribution to Collection Fund	741	741	0
Funding from Reserves (including Business Rate Relief Grant)	(373)	(373)	0
Carried Forward balance (31st March 2018)	(6,193)	(6,341)	(148)

- 8.12 The minimum level of General Fund balance is determined based on known and unknown risks. Known risks are those things that we think could happen and we can forecast both a potential cost if they happen, and percentage likelihood. The notional amount is based on multiplying the cost by the potential likelihood. The notional amount for unknown risks is based on 5% of net expenditure. There is not an actual budget set aside for either of these risk types, so when they occur they are reflected as budget variances (see table 2). We monitor the level of known risks that actually happen, as it highlights whether there might be further variances. This would be likely if a number of risks come to fruition during the early part of the year. We also use this monitoring to inform the assessment of risks in future years. The notional amount calculated at the start of the year for known risks was £795k, and by the end of quarter two a total of £302k have come to fruition. The two identified risks realised in the second quarter relate to;
- Failure to achieve budgeted income from a variety of sources, including Car Parks and new initiatives (Lottery), as detailed in table 2. £150k
 - Cost of legal counsel advice in relation to a judicial review (included within 'other minor balances' in table 2) £8k

Table 5 – Known financial risks

	£'000
Original allowance for known financial risks	795
Known financial risks realised in Quarter 1	(144)
Known financial risks realised in Quarter 2	(158)
Remaining allowance for known financial risks	493

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. Specifically 5.6.8 of Cabinet's terms of reference state that it has remit "*To monitor quarterly revenue expenditure and agree adjustments within the overall budgetary framework*". 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

16.1 Antonio Ciampa, Accountancy Manager
antonio.ciampa@north-herts.gov.uk; ext 4566

16.2 Ian Couper, Head of Finance, Performance and Asset Management
ian.couper@north-herts.gov.uk; ext 4243

- 16.3 Kerry Shorrocks, Corporate Human Resources Manager
kerry.shorrocks@north-herts.gov.uk; ext 4224
- 16.4 Jeanette Thompson, Acting Corporate Legal Manager
jeanette.thompson@north-herts.gov.uk; ext 4370
- 16.5 Reuben Ayavoo, Senior Policy Officer
reuben.ayavoo@north-herts.gov.uk; ext 4212

17. BACKGROUND PAPERS

- 17.1 Budget Estimate Book 2017/18.
- 17.2 Statement of Accounts 2016/17.

CABINET 21 NOVEMBER 2017

PART 1 – PUBLIC DOCUMENT	AGENDA ITEM No. 9
---------------------------------	--

TITLE OF REPORT: TREASURY MANAGEMENT SECOND 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 second quarter of 2017/18 to the end of September. The current forecast is that the amount of investment interest expected to be generated during the year is £0.320 million. This is a decrease of £0.007 million on the figure reported at first quarter.
- 1.2 To inform Cabinet of the performance against the Prudential and Treasury indicators. During the second 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 September 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 28 July 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 In summary, during the second 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.

- 8.2 The Council generated £0.172 million of interest during the first six months of 2017/18. The average interest rate agreed on new deals during the second quarter by Tradition was 0.76% and in house was 0.30%. The average interest rate on all outstanding investments at the 30 September was 1.00%.

- 8.3 The Council's activities expose it to a variety of risks (credit, liquidity and market). The Treasury Strategy sets out the Authority's appetite for the level of exposure to these risks.

- 8.4 **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.

- 8.5 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.

8.6 As at 30 September the split of investments was:

Banks	16%
Building Societies	66%
Local Authorities	6%
Money Market Funds	12%

8.7 **Liquidity Risk** is the possibility that the Authority may not have funds available to meet its commitments to make payments.

8.8 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 six months was £14.2 million.

8.9 **Market Risk** is the possibility that financial loss might arise as a result of changes in interest rates.

8.10 Investing long term (greater than one year) currently achieves higher interest rates than short term deals. The 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.

8.11 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 second quarter the Council had 16.6% (£6.5 million) invested for longer than 364 days. During the second quarter Tradition placed two investments for longer than 364 days. One was at 1.0% for eighteen months and the other was 0.75% for 365 days.

8.12 The **return (or yield)** that the Council achieves is affected by both the level of risk as well as general market conditions. Whilst the Bank of England's Monetary Policy Committee (MPC) raised the base rate to 0.5% at its meeting in early November, this was just a reversal of the emergency cut in 2016. It is currently expected that any future rate increases will be very gradual. It is therefore thought that it will still be 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.

8.13 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 £470k 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 £0.320 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. CONTACT OFFICERS

Author

- 15.1 Dean Fury, Corporate Support Accountant, Tel 474509, email, dean.fury@north-herts.gov.uk

Contributors

- 15.2 Ian Couper, Head of Finance, Performance and Asset Management, Tel 474243, email ian.couper@north-herts.gov.uk
- 15.3 Antonio Ciampa, Accountancy Manager, Tel 474566, email, antonio.ciampa@north-herts.gov.uk
- 15.4 Reuben Ayavoo, Corporate Policy officer, Tel 47212, email reuben.ayavoo@north-herts.gov.uk

16. BACKGROUND PAPERS

Treasury Strategy 2017/18
CIPFA Prudential Code for Capital Finance in Local Authorities

This page is intentionally left blank

CABINET
21 November 2017

PART 1 – PUBLIC DOCUMENT

AGENDA ITEM No.

10

TITLE OF REPORT: SECOND 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 September 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 First Quarter Capital Monitoring report of £0.619million, and an increase in spend in future years of £0.923 million. The most significant individual changes are the inclusion of the purchase of new Fitness Equipment at Hitchin and Royston Leisure Centres, and the re-profiling of John Barker Place and Property Improvements into 2018/19.

2. RECOMMENDATIONS

- 2.1 That Cabinet notes the forecast expenditure of **£14.520million** in 2017/18 on the capital programme, paragraph 8.2 refers, and approves the changes detailed in table 3 which resulted in a net increase on the working estimate of **£0.304million**.
- 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 **£0.923million** (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 28 July 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 and re-profiling at the first quarter.

- 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 **£14.520million**. This is a reduction of **£0.619million** on that forecast in the first quarter 2017/18 report (reported to Cabinet on 26 September 2017). The decrease in spend in 2017/18 is largely due to re-profiling of 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 approved by Cabinet at 1 st Qrt	-5.451	5.234	0
Changes detailed in this report	-0.619	0.923	0
Current Capital Estimates at Q2	14.520	10.580	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
HAG John Barker Place	548	0	-548	The scheme has been revised so now awaiting a decision on the new planning application.	548
Property Improvements	380	65	-315	Some of the works initially identified from condition surveys will not be carried out this year. This is due to a review of the level of works required and a consideration of future ownership plans. The budget is based on prioritising spend from a long list of identified works, and as such the overall works budget will still be needed in future years.	315
Replacement Floodlights St Marys Car Park	60	0	-60	This work is still required but will not commence in this financial year	60
Total Revision to Budget Profile			-0.923		0.923

8.4 There are also changes to the overall costs of schemes in 2017/18. These changes total a net increase of £0.304million 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
Fitness Equipment Hitchin & Royston Leisure Centres	0	520	520	Purchase of new cardio and resistance equipment for the Hitchin and Royston leisure facilities, as approved by Full Council in August 2017. The Council's Leisure Contractor (Stevenage Leisure Limited) will pay back the Council in full over 5.5 years at an agreed interest rate of 3.5%. The repayment will be made through an increase in the annual management contract sum.

Scheme	2017/18 Working Budget £'000	2017/18 Forecast Spend £'000	Difference £'000	Comments
Section 106 Projects	15	67	52	To date, a total of £67k of S106 funds have been released for community schemes.
Careline - Alarm Receiving Centre(ARC) ICT Compliance	0	30	30	Changes to IT security requirements and telecommunication protocols mean that a hardware upgrade is required. This change also simplifies the way that upgrades are carried out.
Disabled Facilities Grants	745	600	-145	DFG spend to the year end is uncertain because the recently formed Hertfordshire Home Improvement Agency, of which NHDC is a partner along with several other authorities, takes over responsibility for delivery of DFGs from 1 October 2017. Ultimately, it is anticipated that the Agency will provide a more streamlined and efficient service but it is likely that it will take time to build up capacity.
Access Bridge Walsworth Common	180	120	-60	Successful bid for these works came in at a lower cost than anticipated in the budget.
Letchworth Multi Storey Car Park Structural Repairs	39	0	-39	This work can be absorbed within the Letchworth Multi Storey Parapet/Soffit/Decoration Capital budget.
Home Repairs Assistance Grants	60	30	-30	Demand for HRAGs has been lower than expected so far this year. The Housing and Public Protection Service is looking to improve the advertising of these grants so that those needing support are able to access it.
Neighbourhood CCTV Equipment	60	35	-25	Although costs are yet to be finalised, it is anticipated that work will be completed this year under budget.
Other minor changes			1	
Total revision to scheme spend			304	

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	(2.586)	1.675
Set-aside Receipts	16.642		(10.987)	5.655
<i>S106 receipts</i>			(0.347)	
<i>Other third party grants and contributions</i>			(0.600)	
Total	19.863	1.040	(14.520)	7.330

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 £2.832million higher than the estimated £28.322million.

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

- 16.1 Report Writer – Dean Fury, Corporate Support Accountant, Tel 474509,
Dean.fury@north-herts.gov.uk

Contributor Ian Couper, Head of Finance, Performance and Asset Management, Tel 474243, email ian.couper@north-herts.gov.uk

Antonio Ciampa, Accountancy Manager, Tel 474566, email,
Antonio.ciampa@north-herts.gov.uk

Reuben Ayavoo, Corporate Policy officer, Tel 47212, email,
Reuben.ayavoo@north-herts.gov.uk

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>

This page is intentionally left blank

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	3,482,800	3,528,900	46,100	1,930,100	0	300,000
Prosper & Protect	1,041,900	1,046,400	525,800	-520,600	4,459,000	150,000	0
Responsive & Efficient	2,538,400	10,609,500	10,465,100	-144,400	4,191,000	1,677,600	1,094,000
Grand Total	5,686,000	15,138,700	14,519,800	-618,900	10,580,100	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	0	-548,000	1,096,000	0	0
Asset Management	1,395,400	6,127,500	5,783,000	-344,500	3,525,000	150,000	0
Building Control	0	0	0	0	0	0	0
CCTV	69,500	60,000	35,000	-25,000	0	0	0
Community Services	427,500	318,200	371,200	53,000	636,000	250,000	120,000
Computer Software and Equipment	409,500	259,700	259,700	0	100,000	537,600	84,000
Corporate Items	2,100	10,600	10,600	0	2,500,000	0	0
Growth Fund Projects	0	0	0	0	713,000	0	0
Leisure Facilities	1,965,500	2,731,800	3,251,800	520,000	648,900	85,000	385,000
Museum & Arts	715,000	148,600	148,600	0	0	0	0
Parking	124,700	529,300	429,900	-99,400	556,200	0	0
Renovation & Reinstatement Grant Expenditur	544,300	805,000	630,000	-175,000	805,000	805,000	805,000
Town Centre Enhancement	0	0	0	0	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	15,138,700	14,519,800	-618,900	10,580,100	1,827,600	1,394,000

Capital Funding Source

Funding Source	2016/17 Funding £	2017/18 Working Budget	2017/18 Revised Budget	Movement £	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
Capital Receipt	2,328,100	2,406,400	2,586,400	180,000	3,843,400	974,200	122,000
Drawdown of cash investments	2,184,600	11,422,540	10,986,640	-435,900	4,815,600	199,600	331,200
Government Grant	520,200	745,000	600,000	-145,000	1,416,800	653,800	653,800
IT Reserve	0	0	0	0	0	0	0
Other Capital Contributions	196,100	0	0	0	163,000	0	250,000
Revenue Contribution	0	0	0	0	0	0	0
S106 Funding	457,000	564,760	346,760	-218,000	341,300	0	37,000
Grand Total	5,686,000	15,138,700	14,519,800	-618,900	10,580,100	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		-1,674,772	-231,372	-1,007,172
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	2,406,400	2,586,400	180,000	3,843,400	974,200	122,000
C/Fwd Capital Receipt Funding	-3,221,172	-1,854,772	-1,674,772	180,000	-231,372	-1,007,172	-1,385,172

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		-5,655,760	-840,160	-640,560
Set-Aside Receipts Received in Year	0	0	0	0	0	0	0
Set -Aside Receipts Used in Year	2,184,600	11,422,540	10,986,640	-435,900	4,815,600	199,600	331,200
C/Fwd Set-Aside Receipt Funding	-16,642,400	-5,219,860	-5,655,760	-435,900	-840,160	-640,560	-309,360

This page is intentionally left blank

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	0	0	0	0	0	0
40 KVA UPS Device or Battery Replacement Total		0	0	0	0	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
Alarm Receiving Centre (ARD) Upgrade								
	Capital Receipt	0	0	30,000	30,000	0	0	0
Alarm Receiving Centre (ARD) Upgrade Total		0	0	30,000	30,000	0	0	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	74,500	74,500	0	0	0	0
	S106 Funding	0	2,300	2,300	0	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	0	0	0	24,100	0	0
	Other Capital Contributions	0	0	0	0	80,000	0	0
	S106 Funding	0	0	0	0	65,900	0	0
Bancroft Recreation Ground, Hitchin, Multi Use Games Area (MUGA) Total		0	0	0	0	170,000	0	0
Burymead Road - new roof waterproofing system								
	Drawdown of cash investments	51,200	2,000	2,000	0	0	0	0
Burymead Road - new roof waterproofing system Total		51,200	2,000	2,000	0	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	0	0	0	2,500,000	0	0
Capitalised Pension Fund Contribution Total		0	0	0	0	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	380,000	65,000	-315,000	315,000	0	0
	Drawdown of cash investments	0	0	0	0	560,000	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 £
Council property improvements following condition surveys Total		260,000	380,000	65,000	-315,000	875,000	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
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	0	0	0	278,000	0	0
Cycle Strategy implementation (GAF) Total		0	0	0	0	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	600	600	0	0	0
Demolition of Bancroft Hall Total		44,800	0	600	600	0	0	0
Dog / Litter Bins	Capital Receipt	0	40,000	40,000	0	0	0	0
Dog / Litter Bins Total		0	40,000	40,000	0	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	29,000	29,000	0	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	29,000	29,000	0	0	0	39,000
Email Encryption Software Solution	Capital Receipt	31,100	0	0	0	0	0	0
	Drawdown of cash investments	0	0	0	0	0	0	45,000
Email Encryption Software Solution Total		31,100	0	0	0	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	0	0	0	185,000	0	0
Green Infrastructure implementation (GAF) Total		0	0	0	0	185,000	0	0
Hitchin & Royston Fitness Equipment	Capital Receipt	0	0	520,000	520,000	0	0	0
Hitchin & Royston Fitness Equipment Total		0	0	520,000	520,000	0	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	50,000	50,000	0	225,900	0	0
Hitchin Swimming Pool Car Park extension Total		2,500	50,000	50,000	0	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)								

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 £
Installation of trial on-street charging (GAF) Total	Government Grant	0	0	0	0	50,000	0	0
		0	0	0	0	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
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	0	-277,600	825,600	0	0
	S106 Funding	0	270,400	0	-270,400	270,400	0	0
John Barker Place, Hitchin Total		0	548,000	0	-548,000	1,096,000	0	0
Lairage Multi-Storey Car Par - Structural wall repairs	Drawdown of cash investments	-2,400	5,700	5,700	0	120,000	0	0
Lairage Multi-Storey Car Par - Structural wall repairs Total		-2,400	5,700	5,700	0	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	0	0	0	0	0	0
Letchworth Multi Storey Enhancements Total		0	0	0	0	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	0	-39,400	0	0	0
Letchworth Multi Storey Structural Investigations Total		0	39,400	0	-39,400	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	0	0	0	0	0	0
Making Good Trip Hazards, Hitchin Town Centre Total		0	0	0	0	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	600,000	-145,000	653,800	653,800	653,800
Mandatory Disabled Facility Grants Total	Mandatory Disabled Facility Grants	520,200	745,000	600,000	-145,000	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	831,740	831,740	0	0	0	0
	S106 Funding	48,100	65,560	65,560	0	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	60,000	60,000	0	91,200	0	0
Off Street Car Parks resurfacing and enhancement Total		68,800	60,000	60,000	0	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

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 £
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	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	30,000	-30,000	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	30,000	-30,000	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	200,000	200,000	0	650,000	0	0
Provide housing at market rents. Total		0	200,000	200,000	0	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	200,000	200,000	0	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	200,000	200,000	0	636,000	250,000	120,000
Refurbishment of DCO	Drawdown of cash investments	613,200	5,268,000	5,268,000	0	0	0	0
Refurbishment of DCO Total		613,200	5,268,000	5,268,000	0	0	0	0
Refurbishment of Harkness Court	Capital Receipt	0	0	0	0	0	0	0
Refurbishment of Harkness Court Total		0	0	0	0	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	0	-60,000	60,000	0	0
Replace and enhance lighting at St Mary's Car Park Total		0	60,000	0	-60,000	60,000	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	35,000	-25,000	0	0	0
Replacement of neighbourhood CCTV equipment Total		0	60,000	35,000	-25,000	0	0	0
Replacement of Walsworth Common Access Bridge	Drawdown of cash investments	5,500	179,500	120,000	-59,500	0	0	0
Replacement of Walsworth Common Access Bridge Total		5,500	179,500	120,000	-59,500	0	0	0
Replacement SAN								

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 £
	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	0	0	0	0	0	0
Royston Civic Centre Site redevelopment (GAF) Total		0	0	0	0	0	0	0
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	15,000	67,400	52,400	0	0	0
S106 Projects Total		354,200	15,000	67,400	52,400	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	1,800	1,800	0	0	0	0
	S106 Funding	18,400	0	0	0	0	0	0
Smithsons Recreation Ground Total		24,300	1,800	1,800	0	0	0	0
Software Asset Management								
	Capital Receipt	0	0	0	0	0	0	0
Software Asset Management Total		0	0	0	0	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	35,000	35,000	0	0	0	0
St Mary's car park. Structural repairs to steps Total		1,400	35,000	35,000	0	0	0	0
Storage Facilities								
	Drawdown of cash investments	515,100	40,000	40,000	0	0	0	0
Storage Facilities Total		515,100	40,000	40,000	0	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	0	0	0	235,000	0	0
Town Centre pay & display machines for on-street charging Total		0	0	0	0	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	0	0	0	250,000	0	0
Transport Plans implementation (GAF) Total		0	0	0	0	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	0	0	0	15,000	0	0
	Other Capital Contributions	0	0	0	0	83,000	0	0
	S106 Funding	0	0	0	0	5,000	0	0
Walsworth Common Pitch Improvements Total		0	0	0	0	103,000	0	0
Walsworth Common Reconstruction of Car Park								
	Capital Receipt	0	0	0	0	30,000	0	0
Walsworth Common Reconstruction of Car Park Total		0	0	0	0	30,000	0	0
Warren Car Park redevelopment								
	Capital Receipt	0	0	0	0	0	0	0
Warren Car Park redevelopment Total		0	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 £
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
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	15,138,700	14,519,800	-618,900	10,580,100	1,827,600	1,394,000

**CABINET
21 NOVEMBER 2017**

PART I – PUBLIC DOCUMENT

AGENDA ITEM No.

11

TITLE OF REPORT: BUILDING CONTROL COLLABORATIVE ARRANGEMENTS

REPORT OF THE CHIEF EXECUTIVE
EXECUTIVE MEMBER: COUNCILLOR DAVID LEVETT
COUNCIL PRIORITY: RESPONSIVE AND EFFICIENT

1. EXECUTIVE SUMMARY

1.1 Cabinet is requested to:

- 1.1.1. consider the material changes to the Building Control Business Case (in accordance with its resolution of 15 December 2015); and
- 1.1.2. pass a resolution to delegate statutory Building Control functions to one of the Building Control authorities ('LA1').

2. RECOMMENDATIONS

- 2.1 That the material changes to the Building Control Business Case are noted.
- 2.2 That Cabinet delegates Building Control Statutory Delegated Functions to LA1.
- 2.3 That authority is delegated to the Chief Executive and Corporate Legal Manager to enter into a proposed Inter Authority Agreement and continue with the project in accordance with the principles of the Business Case (as amended and detailed in this report).

3. REASONS FOR RECOMMENDATIONS

- 3.1 To enable the Building Control project to continue to the next phase.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 No alternatives are appropriate, following the decision of Cabinet on 15 December 2015 (and the requirement to report material changes to the Business Case), and the legal requirement to seek the further delegation.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 The Executive Member for Planning and Enterprise has been kept informed with regards to progress on the project. The Executive Member for Finance and IT has also been kept informed of the progress to date.
- 5.2 The Local Authorities involved in the project are also aware of the changes to the Business Case and the need for this further delegation.

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 11 September 2017.

7. BACKGROUND

- 7.1 Cabinet will be aware of much of the background to this project from the reports presented in August 2014, March 2015 and December 2015. A report was also taken to the Finance, Audit and Risk Committee in December 2015.

- 7.2 At its meeting of 15 December 2015 Cabinet at item 95 (following the Part 2) resolved:

- (1) That the Business Case outlined in the report, and attached as Appendix A to the report, be approved;*
- (2) That the Council proceeds with the joint arrangements for the provision of the Council's Building Control functions;*
- (3) That authority be delegated to the Strategic Director of Planning, Housing and Enterprise, in consultation with the Executive Member for Planning and Enterprise, the Corporate Legal Manager and the Director for Finance Policy and Governance, to take all such steps necessary to complete the project in accordance with the principles of the existing Business Case, as require Cabinet approval; and*
- (4) That any material changes to the existing Business Case be reported back to Cabinet for consideration.*

- 7.3 Following the Cabinet resolutions worked continued on the project with the:

- Incorporation of the three companies on 04 February 2016:
 - Broste Rivers Limited, the holding company;
 - Broste Rivers LA7 Limited, delivering the local authority Building Control functions, subsequently renamed as Hertfordshire Building Company Limited (HBC);
 - Broste Rivers H7 Limited, delivering the commercial aspect of Building Control and associated functions, subsequently renamed as The Building Control Company (Hertfordshire) Limited.
- Staff TUPE'd over on 15 August 2016;
- Signing of the Shareholders Agreement, Articles of Association and Services Agreement on 17 August 2016;
- Procurement of a single IT platform and migration of the 7 Building Control services onto the platform;
- Formation of the two HBC Hubs in Borehamwood and Welwyn Garden City;
- Creation of three team areas based around the main roads, the A1, M25 and A10.

8. RELEVANT CONSIDERATIONS

- 8.1 Resolution 4 at paragraph 7.2 requires that any material changes to the Building Control Business Case be reported back to Cabinet for consideration. The key changes are that:

- It was anticipated that the Hertfordshire collaborative arrangement of 7 local authorities would participate with other county clusters to form an Eastern Region Building Control Partnership (ERBC) to benefit from even greater economies of scale and opportunities. This at the time was also considered a route to accessing Central Government Transformation Funding. The progress and size of the other clusters, in which discussions were underway, has since changed. Whilst Hertfordshire was and is open to having such discussions, no firm arrangements have been forthcoming;

- Within the ERBC arrangement a single IT solution was offered, developed by a local authority and supported within the Business Case with potential transformation funding offsetting the cost. The IT procurement exercise that was then undertaken as part of this project did not attract interest from that local authority;
- Within the Business Case it was envisaged that a single authority (referred to as LA1) would take on responsibility for Building Control functions, which could not be lawfully delegated to HBC, on behalf of all 7 authorities. Typically these functions are ones that legislation identifies are a duty on a local authority and primarily are:
 - The setting of fees for applications through a charging scheme¹;
 - The making of any decision (rejection, conditional approval or approval) regarding any plans deposited and the issuing of any certification (completion or fire safety);
 - Consultation with statutory agencies;
 - The keeping of statutory registers: with regard to initial notices;
 - Enforcement: unauthorised works, dangerous structures and demolitions.

The Business Case proposed the use of section 101 of the Local Government Act 1972 to delegate these functions. Following Cabinet's decision in December 2015, further external expert legal advice has indicated that where a Council operates under Executive arrangements, such delegations can only be made under Regulation 5(2)(a) of the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012 ('2012 Regulations');

- The Business Case also proposed that the LA1 authority would be staffed by a Building Control professional. It is now proposed that the LA1 Contract Manager (a non-Building Control professional) will actively consider the recommendations from HBC before issuing any decision. The Contract Manager will consider all recommendations based upon a set of policies and procedures to ensure that this is not just a rubber stamping process.

8.2 Work is continuing on updating the signed Services Agreement which relates to the services to be procured and delivered by HBC and preliminary work on a new Inter Authority Agreement (IAA) (in anticipation of the delegation of authority for decisions from 6 of the authorities to LA1. It is proposed, in the first instance, to be Three Rivers District Council).

8.3 The draft IAA requires that from the effective date North Herts warrants and represents that its Executive has passed a resolution approving the delegation of Delegated Statutory Functions to LA1 under the 2012 Regulations.

8.4 This report asks Cabinet to consider the material changes to the Business Case and to pass the 2012 Regulations resolution in order that the project can continue.

9. LEGAL IMPLICATIONS

9.1 The Building Control project has advanced in accordance with the Cabinet resolutions of 15 December 2015. As set out in paragraph 8 above, a further delegation is now required to enable the authority to delegate the statutory functions that HBC cannot legally perform, to LA1. As per the external expert legal advice obtained, only the Executive can delegate these Building Control functions to another authority under 5(2)(a) of the 2012 Regulations.

¹ Note the draft LA1 IAA proposes oversight of this process through a Commissioning Panel.
CABINET (21.11.17)

- 9.2 Cabinet has authority under 5.6.11 of its terms of reference “*To approve those major service developments or reductions which also constitute Key Decisions.*” This decision therefore falls within Cabinet’s remit.

10. FINANCIAL IMPLICATIONS

- 10.1. When North Herts provided the Building Control service in house, each year revenue was declining resulting in year on year deficits. The Business Case explored a “do nothing” option which showed that by 2020/21 if North Herts carried on providing the service in house, the total cost to the general fund over a 5 year period would be £1.5million. The ongoing budgeted costs for Building Control is £86k per annum for non fee work. The expectation is that once LA1 is set up and the company sets the charging structure, the cost of non fee work should be less than £86k.
- 10.2. £53k was originally requested as part of the set up costs for the company to contribute towards the single IT platform, however this contribution was not needed as the company was able to fund the IT system itself. Each authority loaned the company £107,000 in 2016/17. There are no further capital implications arising from this report.
- 10.3. Further information is provided in the Part 2 report.

11. RISK IMPLICATIONS

- 11.1 Previous reports and the approved Business Case have considered the risk implications with regard this project. The material changes identified within this report do not, it is considered, result in any other specific risks being identified. HBC has been trading to a lesser or greater extent since August 2016 outside of any larger regional collaboration, a single IT solution has been procured and is operational and work on the policies and procedures to ensure the Contract Manager’s decisions are robust are underway. Birmingham City Council also issue decisions through a non-Building Control professional and contact has been made with that officer for any best practise and learning.

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 The move to provide Building Control services in a more commercial/cost effective manner could positively impact the cost/service delivered to customers in the longer term; the proposals also create greater opportunity for development of staff within our existing Building Control service than would otherwise exist.

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. The move to provide Building Control services in a more commercial/cost effective manner could positively impact the cost/service delivered to customers in the longer term; the proposals also create greater opportunity for development of staff within our existing Building Control service than may otherwise exist.

14.2. From November the company will be able to invoice customers directly. Previous to this North Herts had to take payments and the company invoiced North Herts monthly for the income. The staff administrative burden to North Herts of this process will now be removed.

15. APPENDICES

15.1 None.

16. CONTACT OFFICERS

16.1 Jeanette Thompson, Acting Corporate Legal Manager
jeanette.thompson@north-herts.gov.uk; ext 4370

16.2 David Scholes, Strategic Director for Planning, Housing & Enterprise
david.scholes@north-herts.gov.uk; ext 4300

16.3 Ian Couper, Head of Financial Services
ian.couper@north-herts.gov.uk; ext 4243

16.4 Jodie Penfold, Group Accountant
jodie.penfold@north-herts.gov.uk; ext 4332

16.5 Kerry Shorrocks, Corporate Human Resources Manager
kerry.shorrocks@north-herts.gov.uk

16.6 Reuben Ayavoo, Senior Policy Officer
reuben.ayavoo@north-herts.gov.uk; ext 4212

17. BACKGROUND PAPERS

17.1 Report 81 Item referred from finance, audit and risk committee: 10 December 2015 - Building Control - 7 Hertfordshire authorities project; & 93 Building Control - 7 Hertfordshire authorities project (& to extent public) 95 Part 2 public resolution and in all cases Part I public minutes.
<http://web.north-herts.gov.uk/aksnherts/users/public/admin/kab12.pl?cmte=CAB&meet=93&arc=71Report>

This page is intentionally left blank

CABINET 21 NOVEMBER 2017

*PART 1 – PUBLIC DOCUMENT	AGENDA ITEM No. 12
----------------------------------	---

TITLE OF REPORT: EXCLUSION OF PUBLIC AND PRESS

To consider passing the following resolution:

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

[Note: The definition of Paragraph 3 referred to above is as follows:-

- "3. Information relating to the financial or business affairs of any particular person (including the authority holding that information)."]

THIS PAGE IS BLANK

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank