

Public Document Pack

8 December 2017

Our Ref Finance, Audit and Risk
Committee/18.12.17

Your Ref.

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To: Members of the Committee: Councillor Terry Hone (Chairman), Councillor Simon Harwood (Vice-Chairman), Councillor Ian Albert, Councillor John Bishop, Councillor Jim McNally, Councillor Deepak Sangha and Councillor Terry Tyler.

Substitutes: Councillor Clare Billing, Councillor John Booth, Councillor Nicola Harris and Councillor Steve Jarvis.

You are invited to attend a

MEETING OF THE FINANCE, AUDIT AND RISK COMMITTEE

to be held in the

FOUNDATION HOUSE, ICKNIELD WAY, LETCHWORTH GARDEN CITY

On

MONDAY, 18TH DECEMBER, 2017 AT 7.30 PM

Yours sincerely,



David Miley
Democratic Services Manager

Agenda **Part I**

Item	Page
1. APOLOGIES FOR ABSENCE	
2. MINUTES To take as read and approve as a true record the minutes of the meeting of this Committee held on 20 November 2017.	(Pages 1 - 4)
3. NOTIFICATION OF OTHER BUSINESS Members should notify the Chairman of other business which they wish to be discussed by the Committee at the end of the business set out in the agenda. They must state the circumstances which they consider justify the business being considered as a matter of urgency. The Chairman will decide whether 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. At the time of preparing the agenda no requests to speak had been received. Any public participation received within the agreed time scale will be notified to Members as soon as is practicable.	
6. SHARED INTERNAL AUDIT SERVICES - UPDATE ON PROGRESS AGAINST THE 2017/18 AUDIT PLAN REPORT OF THE SHARED INTERNAL AUDIT SERVICES AUDIT MANAGER <i>To consider an update on the progress of the Shared Internal Audit Services (SIAS) against the 2017/18 Audit Plan.</i>	(Pages 5 - 26)
7. RISK MANAGEMENT UPDATE REPORT OF THE HEAD OF FINANCE, PERFORMANCE AND ASSET MANAGEMENT <i>To consider a Risk Management Update and the revised Risk & Opportunities Management Strategy and Policy documents.</i>	(Pages 27 - 74)

8. **DRAFT BUDGET 2018/2019** (Pages
REPORT OF THE STRATEGIC DIRECTOR OF FINANCE, POLICY AND GOVERNANCE 75 - 114)
To consider the Draft Budget 2018/2019.
9. **FUTURE MEETING - POSSIBLE AGENDA ITEMS**
Introduced by the Chairman.

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NORTH HERTFORDSHIRE DISTRICT COUNCIL

FINANCE, AUDIT AND RISK COMMITTEE

MEETING HELD IN THE FOUNDATION HOUSE, ICKNIELD WAY, LETCHWORTH
GARDEN CITY ON MONDAY, 20TH NOVEMBER, 2017 AT 7.30 PM

MINUTES

Present: *Councillors Terry Hone (Chairman), Simon Harwood (Vice-Chairman)(from 7.38pm)), Ian Albert, Clare Billing (substitute)(from 7.35pm), John Bishop and Terry Tyler.*

In Attendance:

*Ian Couper (Head of Finance, Performance and Asset Management), Antonio Ciampa (Accountancy Manager) and Ian Gourlay (Committee and Member Services Manager).
Kay Storey – Manager (Govt. & Public Sector), Ernst & Young.*

Also Present:

1 member of the public.

38 APOLOGIES FOR ABSENCE

Apologies for absence were submitted on behalf of Councillors Jim McNally and Deepak Sangha. Councillor Clare Billing was substituting for Councillor Sangha.

39 MINUTES - 21 SEPTEMBER 2017

RESOLVED: That the Minutes of the Meeting of the Finance, Audit & Risk Committee held on 21 September 2017 be approved as a true record of the proceedings and be signed by the Chairman.

40 NOTIFICATION OF OTHER BUSINESS

There was no other item of business tabled.

41 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; and

(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.

42 PUBLIC PARTICIPATION

There was no public participation.

43 NORTH HERTFORDSHIRE DISTRICT COUNCIL - ANNUAL AUDIT LETTER 2016/17

The Manager (Govt. & Public Sector), Ernst and Young, presented the Annual Audit Letter for 2016/17, as required by the National Audit Office Audit Code of Practice.

The Manager (Govt. & Public Sector) referred to the Executive Summary in the document and reminded Members that Ernst & Young had issued an unqualified audit opinion on the Council's Financial Statements and had determined that the Council had in place proper arrangements to secure value for money in its use of resources. There had been no requirement for Ernst & Young to exercise any of the other statutory powers and duties.

RESOLVED: That the Annual Audit Letter 2016/17 be noted.

REASON FOR DECISION: To communicate to Members the key issues arising from Ernst and Young's audit work for 2016/17.

44 LOCAL GOVERNMENT AUDIT COMMITTEE BRIEFING

The Manager (Govt. & Public Sector), Ernst and Young, presented the latest Local Government Audit Briefing paper. This was produced by Ernst & Young on a quarterly basis for the sectors they served, namely Local Government, Health, Police and Fire Authorities.

The Manager (Govt. & Public Sector) advised that the paper was very much for Members' information, but that there were a number of questions at the end of the document which Audit Committee Members may wish to consider they needed to raise them with officers.

The Chairman drew Members' attention to the questions in the document referred to by the Manager (Govt. and Public Sector).

In response to Members' highlighting of some of the questions, the Head of Finance, Performance and Asset Management stated that the Corporate Human Resources Manager was part of the Senior Management Team and hence her post was viewed as a senior position in the Authority; any reports regarding commercialisation would be channelled through either the Finance, Audit & Risk Committee or Overview & Scrutiny Committee, and that work on the Housing Company Business Case was ongoing at the present time; and the Shared Internal Audit Services (SIAS) quarterly progress report to the next meeting would include income generation and commercialisation audit updates.

RESOLVED: That the latest Local Government Audit Committee Briefing paper be noted.

REASON FOR DECISION: To enable the Committee to comment on the latest Local Government Audit Committee Briefing paper.

45 SECOND QUARTER REVENUE MONITORING 2017/18

The Accountancy Manager presented the report of the Head of Finance, Performance and Asset Management in respect of the Second Quarter Revenue Budget Monitoring 2017/18, and advised that the report was before this Committee for consideration prior to presentation to Cabinet on 21 November 2017.

The Accountancy Manager advised that the forecast budget variance was a decrease of £131,000 on the net working budget of £17.230M for 2017/18, with an ongoing impact in future years of a £13,000 budget increase. He referred to Table 2 of the report and highlighted the major variances, namely the £200,000 increased income projection for Housing Benefit overpayments and the £100,000 reduction in projected income from car parking fees.

The Accountancy Manager commented that there was a forecast underachievement of £115,000 on the £929,000 worth of agreed efficiencies for 2017/18, as set out in Paragraph 8.3 of the report. The progress of items carried forward from 2016/17 were summarised in Paragraph 8.4 of the report.

The Accountancy Manager explained that Table 3 in the report showed that three corporate financial health indicators were at green status, with the exception at red status being car parking fees. Table 4 showed the forecast General Fund impact and Table 5 indicated that the remaining allowance for known financial risks was £493,000.

In response to queries raised by Members, the Head of Finance, Performance and Asset Management undertook to provide the Committee with further information on the cost of legal counsel advice in relation to a judicial review and the rationale for the post of Economic Development Officer becoming a shared resource between NHDC and East Hertfordshire District Council.

RESOLVED: That the Second First Quarter Revenue Budget Monitoring report 2017/18 be noted.

REASON FOR DECISION: To provide an opportunity for the Committee to comment as appropriate on the First Quarter Revenue Monitoring report 2017/18.

46 SECOND QUARTER CAPITAL MONITORING 2017/18

The Head of Finance, Performance and Asset Management presented a report in respect of the Second Quarter Capital Programme Monitoring 2017/18, and advised that the report was for consideration prior to presentation to Cabinet on 21 November 2017.

The Head of Finance, Performance and Asset Management advised that the forecast capital spend in 2017/18 was £14.520Million, a net increase on the working estimate of £304,000. He referred to the major scheme timetable revisions set out in Table 2 of the report, including the John Barker Place development and various property improvements. Table 3 showed the changes to Capital schemes commencing in 2017/18, including the purchase of new cardio and resistance equipment for the Hitchin and Royston leisure facilities, as approved by the Council in August 2017.

In response to questions raised by Members, the Head of Finance, Performance and Asset Management undertook to provide the Committee with clarification of the expenditure/repayment arrangements for the aforementioned cardio and resistance equipment and a breakdown of the £67,000 of Section 106 funds that had been released for community schemes.

RESOLVED: That the Second Quarter Capital Programme Monitoring report 2017/18 be noted.

REASON FOR DECISION: To provide an opportunity for the Committee to comment as appropriate on the Second Quarter Capital Monitoring report 2017/18.

47 TREASURY MANAGEMENT SECOND QUARTER 2017/18

The Head of Finance, Performance and Asset Management presented a report in respect of the Second Quarter Treasury Management Monitoring 2017/18, and advised that the report was for consideration prior to presentation to Cabinet on 21 November 2017.

The Head of Finance, Performance and Asset Management advised that the current forecast was that the amount of investment interest expected to be generated during the year was £0.320Million. This was a decrease of £7,000 on the figure reported at first quarter.

The Head of Finance, Performance and Asset Management referred to the recent small increase in the Bank of England base interest rate, but commented that this had been anticipated by the Market, and hence there was unlikely to be any increase in borrowing rates in the near future.

RESOLVED: That the Second Quarter Treasury Management report 2017/18 be noted.

REASON FOR DECISION: To provide an opportunity for the Committee to comment as appropriate on the Second Quarter Treasury Management Monitoring report 2017/18.

48 UPDATED FINANCIAL REGULATIONS

The Head of Finance, Performance and Asset Management presented a report seeking consideration of proposed updated Financial Regulations, prior to recommendation to Council for adoption.

The Head of Finance, Performance and Asset Management advised that the Financial Regulations had been updated to:

- Reflect changes to the staffing structure, including the retirement of the Strategic Director for Finance, Policy and Governance;
- Make them shorter and easier to find information; and
- Incorporate other minor updates.

The Head of Finance, Performance and Asset Management stated that Section 8 of the report summarised the changes. There were two changes to the reporting of revenue budget variances. The previous version required that variances (overspends and underspends) that were greater than 5% of budget or £25,000 were reported to Cabinet. Given that there were some budgets which were quite low in value (especially where they were a combination of expenditure and income) this could require some very low variances to be reported. The new version proposed that the variance had to be greater than 5% and £25,000. This meant that variances on larger budgets would not get reported until they became very high (e.g. 5% of a £4M budget would be £200,000). However, the Regulations further stated that the Chief Finance Officer would determine whether or not to report any variances that did not meet the value criteria.

It was noted that the second change related to the first quarter revenue budget monitoring. From now on, the financial accounts needed to be approved by Finance, Audit and Risk Committee by the end of July each year. To avoid having an additional meeting of the Committee, it was proposed that this meeting would also review the first quarter finance reports. To meet the deadlines for this meeting, it may be necessary for the first quarter revenue monitor to be based on the first two months, updated for significant changes that had occurred during month 3.

The Committee was supportive of the updated Financial regulations as drafted.

RECOMMENDED TO COUNCIL: That the proposed updated Financial Regulations, as attached at Appendix A to the report, be adopted.

REASON FOR DECISION: To reflect changes to the staffing structure, to make the regulations more concise with easier to find information, and to incorporate other minor updates..

49 FUTURE MEETING - POSSIBLE AGENDA ITEMS

The Chairman requested that should any Members have any suggestions for agenda items at future meetings would the please advise himself, officers or the Committee Clerk.

The meeting closed at 8.13pm.

Chairman

FINANCE, AUDIT & RISK COMMITTEE 18 DECEMBER 2017

*PART 1 – PUBLIC DOCUMENT	AGENDA ITEM No. 6
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**TITLE OF REPORT: SHARED INTERNAL AUDIT SERVICES (SIAS) - UPDATE ON
PROGRESS AGAINST THE 2017 - 2018 AUDIT PLAN**

REPORT OF THE SHARED INTERNAL AUDIT SERVICES AUDIT MANAGER

The above report is presented on the following pages.

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North Herts District Council Audit Committee Progress Report 18 December 2017

Recommendations

Members are recommended to:

- Note the Internal Audit Progress Report for the period to 1 December 2017,
- Note the proposed amendments to the 2017/18 Annual Audit Plan, and
- Note the implementation status of high priority recommendations.

Contents

- 1 Introduction and Background
 - 1.1 Purpose
 - 1.2 Background
- 2 Audit Plan Update
 - 2.1 Delivery of Audit Plan and Key Findings
 - 2.4 Medium Priority Recommendations
 - 2.5 High Priority Recommendations
 - 2.8 Proposed Amendments to the 2017/18 Annual Audit Plan
 - 2.9 Performance Management

Appendices

- A Progress against the 2017/18 Audit Plan
- B Implementation Status of High Priority Recommendations
- C 2017/18 Audit Plan Items – Start dates agreed with management
- D Audit Recommendation Ratings

1. Introduction and Background

Purpose of Report

- 1.1 This report details:
- a) Progress made by the Shared Internal Audit Service (SIAS) in delivering the Council's Annual Audit Plan for 2017/18 as at 1 December 2017.
 - b) Implementation status of previously agreed high priority audit recommendations and request to agree removal of completed actions.
 - c) Proposed amendments to the 2017/18 Annual Audit report
 - d) An update on performance management information as at 1 December 2017.

Background

- 1.2 The 2017/18 Annual Audit Plan was approved by the Finance, Audit and Risk Committee (the FAR Committee) on 22 March 2017.
- 1.3 The Committee receives periodic updates of progress against the Annual Internal Audit Plan. This is the third report giving feedback on the delivery of the 2017/18 Internal Audit Plan.
- 1.4 The work of Internal Audit is required to be reported to a Member Body so that the Council has an opportunity to review and monitor an essential component of corporate governance and gain assurance that its internal audit provision is fulfilling its statutory obligations. It is considered good practice that progress reports also include proposed amendments to the agreed annual audit plan.

2. Audit Plan Update

Delivery of Audit Plan and Key Audit Findings

- 2.1 As at 1 December 2017, 56% of the 2017/18 Audit Plan days had been delivered.
- 2.2 The following 2016/17 final report has been issued since 28 August 2017 (cut-off date for the SIAS Update Report for 21 September 2017 FAR Committee):

Audit Title	Date of Issue	Assurance Level	Number of Recommendations
Joint review - PREVENT	Nov 2017	N/A	N/A (5 suggested control enhancements – 2 with relevance to NHDC)

The following 2017/18 final reports have been issued since 28 August 2017 (cut-off date for the SIAS Update Report for 21 September 2017 FAR Committee):

Audit Title	Date of Issue	Assurance Level	Number of Recommendations
Office Accommodation Project	Sept 2017	Substantial	2 medium 2 merits attention
DFG Capital Grant Certification	Sept 2017	N/A	N/A
Serious Organised Crime Checklist	Nov 2017	N/A	N/A (3 audit advisory actions)
Income Generation	Nov 2017	N/A	N/A (consultancy review with 7 recommendations)

- 2.3 Details on the status of all audits in this year's plan can be found in Appendix A.

Medium Priority Recommendations

- 2.4 The table below provides a summary of the medium priority recommendations made in the period:

Audit	Summary of medium priority recommendations
Office Accommodation Project	<ul style="list-style-type: none"> • The tolerances within which the Project Manager works are agreed and clarified. • The Project Board meets at the specified frequency.

High Priority Recommendations

- 2.5 Members will be aware that a Final Audit Report is issued when it has been agreed by management; this includes an agreement to implement the recommendations that have been made. It is SIAS's responsibility to bring to Members' attention the implementation status of high priority recommendations; it is the responsibility of Officers to implement the recommendations by the agreed date.
- 2.6 No high priority recommendations have been made as a consequence of the work undertaken in the audits detailed in paragraph 2.2 above.
- 2.7 The standard template schedule attached at Appendix B shows the implementation status of previously agreed high priority audit recommendations.

Proposed Amendments to the 2017/18 Annual Audit Plan

- 2.8 No new audits have been added or existing audits deleted from the 2017/18 Audit Plan since the last meeting of FAR.

Small changes have been made to the budgets for a number of audits as agreed with the Head of Finance, Performance and Asset Management. The changes have been made to reflect adjustments to the scope of these audits from that originally agreed. Full details can be provided if required.

Performance Management

Reporting of Audit Plan Delivery Progress

- 2.9 To help the Committee assess the current situation in terms of progress against the projects in the audit plan, we have provided an overall progress update in the table below. In addition, we have agreed formal start dates with management and have allocated resources accordingly; details can be found in Appendix C. This is designed to facilitate audit plan delivery throughout the year.

Completed - Draft or Final report has been issued (12)	
Confidence level in completion of this work – Full	
Use of Consultants (16/17)	Hitchin Town Hall & Museum Operation
Careline (16/17)	Joint Review – PREVENT (16/17)
RPR Process (16/17)	Review of FAR
Office Accommodation Project	DFG Capital Grant Certification
Income Generation	SOCA Fraud Checklist
Business Improvement Districts (BIDs)	Payroll

Fieldwork currently being carried out or in Quality Review (11)	
Confidence level in completion of this work – Full	
Joint Review - Local Authority Trading (16/17)	Taxi Licensing
Tree Strategy & Management	Hitchin Town Hall & Museum Project (16/17)
Northgate Contracts	General Ledger
Member Training	New Integra system implementation – consultancy
Telephony System Post implementation review	Treasury Management
Paperless Committee System	

Scope and Start date agreed with Management - preliminary work has begun (6)	
Confidence level in completion of this work – Good – resources have been allocated to these activities by SIAS and management has agreed the way forward; dates are planned in diaries.	
Debtors	Creditors
Council Tax	NDR
Benefits & Rent Allowances	Cyber Risks

Formal start dates not yet agreed (7)	
Confidence level in completion of this work – Moderate – resources have been allocated by SIAS but dates have not yet been planned in diaries; generally these audits are more complex and will need good engagement with management to ensure delivery	
Audit	Status Update
Commercialisation / Council Company	Outbound New Mail System
NHLC Refurbishment	Waste Contract – New Arrangements Progress
Joint Review 1 (subject to be determined by SIAS Board)	Joint Review 2 (subject to be determined by SIAS Board)
King George V Playing Fields	

Deferred (0)	
N/A	

Cancelled (2)	
Asset Management System	Green Space Strategy (16/17)

Summary – 1 December 2017		
Status	No of Audits at this Stage	% of Total Audits (36)
Draft / Final	12	33%
Currently in Progress	11	31%
Start Date Agreed	6	17%
Yet to be planned	7	19%

Deferred	0
Cancelled	2

- 2.10 Annual performance indicators and associated targets were approved by the SIAS Board in March 2017.
- 2.11 As at 1 December 2017, actual performance for North Herts against the targets that can be monitored in year was as shown in the table below.

Performance Indicator	Annual Target	Profiled Target to 1 December 2017	Actual to 1 December 2017
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excluding unused contingency)	95%	59% (225 / 384.5 days)	56% (215 / 384.5 days)
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects	95%	47% (17 / 36 projects)	33% (12 / 36 projects)
3. Client Satisfaction with Conduct of the Audit – percentage of client satisfaction questionnaires returned at 'satisfactory' level	100%	100%	100% (10 questionnaires sent and 3 returned)
4. Number of High Priority Audit Recommendations agreed	95%	N/A	N/A - none made

2.12 In addition, the performance targets listed below are annual in nature. Performance against these targets will be reported on in the 2017/18 Head of Assurance's Annual Report:

- **5. External Auditors' Satisfaction** – the Annual Audit Letter should formally record whether or not the External Auditors are able to rely upon the range and the quality of SIAS' work.
- **6. Annual Plan** – prepared in time to present to the March meeting of each Audit Committee. If there is no March meeting then the plan should be prepared for the first meeting of the financial year.
- **7. Head of Assurance's Annual Report** – presented at the Audit Committee's first meeting of the civic year.

APPENDIX A - PROGRESS AGAINST THE 2017/18 AUDIT PLAN AS AT 1 DECEMBER 2017

2017/18 SIAS Audit Plan

AUDITABLE AREA	LEVEL OF ASSURANCE	RECOMMENDATIONS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS / COMMENTS
Key Financial Systems								
General Ledger					10	Yes	2	In Fieldwork
Debtors					10	Yes	0.5	ToR Issued
Creditors					10	Yes	0.5	ToR Issued
Treasury Management					6	Yes	1	In Fieldwork
Council Tax					12	Yes	1	ToR Issued
NDR					10	Yes	0.5	ToR Issued
Benefits & Rent Allowances					10	Yes	0.5	ToR Issued
Payroll					10	Yes	9.5	Draft Report Issued
New Integra system implementation - consultancy					10	Yes	5	In Fieldwork
Operational Audits								
Business Improvement Districts (BIDs)					10	Yes	9.5	Draft Report Issued
Office Accommodation Project	Substantial	0	2	2	14	Yes	14	Final Report Issued
HTH & Museum - operation	Moderate	0	4	2	14	Yes	14	Final Report Issued
Tree Strategy & Management					12	Yes	10.5	Quality Review
Taxi Licensing					12	Yes	11	Quality Review
Income Generation	Not assessed	0	0	0	15	Yes	15	Final Report Issued
Commercialisation / Council Company					12	Yes	0	Allocated
Paperless Committee System					10	Yes	6	In Fieldwork

APPENDIX A - PROGRESS AGAINST THE 2017/18 AUDIT PLAN AS AT 1 DECEMBER 2017

AUDITABLE AREA	LEVEL OF ASSURANCE	RECOMMENDATIONS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS / COMMENTS
Telephony System - post implementation review					10	Yes	8.5	Quality Review
Outbound mail - new system					10	Yes	0	Allocated
Member Training					10	Yes	6	In Fieldwork
Procurement / Contracts								
NHLC Refurbishment					12	Yes	0	Allocated
Waste Contract - new arrangements progress					10	Yes	0.5	In Planning
Northgate Contracts					12	Yes	6.5	In Fieldwork
Serious and Organised Crime Agency (SOCA) Fraud Checklist	Not assessed	0	0	0	10	Yes	10	Final Report Issued
Joint Reviews								
Joint Review 1					2.5	No	0	Allocated
Joint Review 2					2.5	No	0	Allocated
Shared Learning					5	Yes	3.5	Through Year
IT Audits								
Cyber-risks					10	Yes	2	In Planning
Asset Management System					0	N/A	0	Cancelled
Anti-Fraud and Governance								
Internal control issues identified by SAFS					5	N/A	0	As required
Contingency & Ad Hoc Activity								

APPENDIX A - PROGRESS AGAINST THE 2017/18 AUDIT PLAN AS AT 1 DECEMBER 2017

AUDITABLE AREA	LEVEL OF ASSURANCE	RECOMMENDATIONS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS / COMMENTS
Contingency & Ad Hoc Activity					15.5			
Election Support					0	N/A	0	Cancelled
Review of FAR	Not assessed	0	0	0	3	Yes	3	Final Report Issued
DFG Capital Grant certification	Not assessed	0	0	0	2	Yes	2	Complete
King George V Playing Fields					1	Yes	0	Allocated
Strategic Support								
Head of Internal Audit Opinion 2016/17					5	Yes	5	Complete
Audit Committee					12	Yes	9	Through Year
Client Meetings					10	Yes	7.5	Through Year
Liaison with External Audit					1	Yes	1	Through Year
Progress Monitoring					10	Yes	7.5	Through Year
SIAS Development					5	Yes	5	Through Year
2018/19 Audit Planning					10	Yes	0	Allocated
2016/17 Projects requiring completion					2	Yes	2	Complete
HTH & Museum Project					11	Yes	9.5	In Fieldwork
Careline Operation	Substantial	0	3	1	12.5	Yes	12.5	Final Report Issued
Appraisal Process	Full	0	0	0	7.5	Yes	7.5	Final Report Issued
Green Space Strategy					0.5	N/A	0.5	Cancelled
Use of Consultants	Substantial	0	0	3	5		5	Final Report Issued

APPENDIX A - PROGRESS AGAINST THE 2017/18 AUDIT PLAN AS AT 1 DECEMBER 2017

AUDITABLE AREA	LEVEL OF ASSURANCE	RECOMMENDATIONS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS / COMMENTS
Joint Review - Local Authority Trading					0.5		0	In Fieldwork
Joint Review - PREVENT	Not assessed	0	0	0	0.5		0.5	Final Report Issued
Corporate Project Management	Moderate	0	3	1			0	Final Report Issued
Contract Management	Substantial	0	1	2			0	Final Report Issued
Payroll	Substantial	0	3	1			0	Final Report Issued
NDR	Full	0	0	0			0	Final Report Issued
Total - North Herts D.C.		0	16	12	400		215	

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments (Last 12 months)	SIAS Comment December 2017	Status of Progress
1.	Waste Contract August 2016	As part of the contract renewal process, formal requirements regarding the quality of performance data provided by the contractor should be included in the terms and conditions of the contract. This should include mechanisms by which the Council can both directly access the data and require the contractor to undertake (either directly or commissioned by the Council) data quality audits should these be deemed necessary.	The upgrade to the waste management IT software is expected to be in place by mid-2016. This will give officers direct access to the system.	Service Manager (Waste and Recycling)	31 July 2016 29 September 2017	<p>Service Manager (Waste and Recycling)</p> <p><u>November 2017</u> Formal requirements have been included in the new contract specification for provision of auditable performance data including for the PMR. Data will be available through the contract IT system for which the council will have full access.</p> <p><u>March 2017</u> The domestic collections are being managed through the new IT system with officers having full access. The system is being set up for trade waste collections, which are anticipated to go live by June 2017. An upgrade to the corporate financial</p>	The Waste and Street Cleaning Contracts have been awarded. Contract mobilisation work has started.	Implemented

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments (Last 12 months)	SIAS Comment December 2017	Status of Progress
Page 19						<p>system Integra means full set up of chargeable services is on hold indefinitely, with a review required once the Integra upgrade is complete and the new contract is awarded in late 2017.</p> <p><u>December 2016</u> IT system up and running for domestic collections, implementation for trade is delayed due to staff vacancies.</p>		
			Greater integration with the NHDC customer service centre and website will be possible with the new system and these options	Service Manager (Waste and Recycling), Comms Manager, Customer Services Manager.	<p>30 April 2017</p> <p>29 September 2017</p>	<p><u>November 2017</u> In addition to the comments provided in the first part of the recommendation above, contract mobilisation will include development of the systems to meet the new specified contract requirements and to</p>	The Waste and Street Cleaning Contracts have been awarded. Contract mobilisation work has started.	Implemented

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments (Last 12 months)	SIAS Comment December 2017	Status of Progress
Page 20			will be explored to reduce the risk of data transfer errors in relation to contacts reported by the public. This will be subject to cost but can be considered further for the implementation of the new contract, alongside decisions regarding the management of customer contacts.			<p>optimise their potential. A key part of this work will include integration of IT systems and operational processes with East Herts Council by contract commencement in May 2018. There will also be integration work required with NHDC systems, such as online forms on our website.</p> <p><u>March 2017</u> Officers now have full system access and a series of reports are in development. Ad hoc variation orders are being processed using Integra for greater transparency. The new contract specification is in draft, which includes data access and reporting requirements. Project Board decisions have resulted in a specification</p>		

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments (Last 12 months)	SIAS Comment December 2017	Status of Progress
2.	Waste Contract August 2016	Officers are aware of the weaknesses in the current performance management regime and given that the existing contract is due for renewal and that service delivery is adequate, we do not recommend that any action is now	Evidence exists that both parties agreed to implement the system on 2 nd September 2002. It is understood that the regime was in place for approximately	Service Manager (Waste and Recycling)	Development of PMR specification for new contract due September 2016 Revised date 31 August 2018	to include customer service provision, therefore no work will be undertaken to improve website and current system integration in advance of the new contract. <u>December 2016</u> New contract client team discussions and IT approach likely to begin in early 2017.		
						Service Manager (Waste and Recycling) <u>November 2017</u> A fully considered and costed PMR has been developed and included in the new joint contract specification, taking into account the learnings from the current contract. The mechanisms required to	The Waste and Street Cleaning Contracts have been awarded. Contract mobilisation work has started.	Implemented

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments (Last 12 months)	SIAS Comment December 2017	Status of Progress
Page 22		<p>taken to enforce the performance management regime for the existing contract, as the effort required is unlikely to yield any substantial benefits prior to the contract expiring.</p> <p>However, the Council should ensure that it factors its experience with the current contract into the process for developing performance management on the new contract. This should include:</p> <ul style="list-style-type: none"> investigating and understanding why it was not implemented for the current contract 	<p>5 years but no data exists for this period. No officers from the current management team were present at this time and the regime in place was not sufficient to effectively monitor performance after service changes and contract extension in 2007. Efforts to review the matrix in 2011/12 failed to reach agreement and was resource intensive due</p>			<p>deliver it effectively will be implemented as part of contract mobilisation.</p> <p><u>July 2017</u> New PMR has been developed and published to bidders as part of the tender for the new waste collection and street cleansing service. This will come into effect following a three month bedding in period following the start of the contract in May 2018.</p> <p><u>May 2017</u> The PMR is currently being finalised due for publishing alongside the ITT in early June 2017. Upon contract award, mechanisms for monitoring the requirements of the new PMR will be developed within the IT systems. The PMR will begin to be used</p>		

No.	Report Title / Date of Issue	Recommendation	Management Response	Responsible Officer	Implementation Date	History of Management Comments (Last 12 months)	SIAS Comment December 2017	Status of Progress
Page 23		<ul style="list-style-type: none"> specification of a detailed performance management regime which is formally agreed by all partners at the commencement of the new contract; and Monitoring the implementation of the new regime to ensure it is being applied rigorously from the start of the new contract. 	<p>to the lack of access to and reporting from a suitable waste management software system.</p> <p>It is anticipated that the upgraded IT system will provide sufficient reporting to inform a new PMR system for the new contract.</p>			<p>after a short bedding in period, likely to be August 2018.</p> <p><u>March 2017</u> Negotiations are ongoing with EHC regarding the approach to performance management in the new contract specification. Agreement is required by March 2017.</p> <p><u>December 2016</u> Discussions ongoing, PMR specification due to be completed by January 2017</p>		

NHDC 2017/18 Audit Plan Start Months											
Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
SOCA Fraud Checklist Final Report Issued	Office Accommodation Project Final Report Issued	RPR Process (16/17) Final Report Issued	Telephony System Post implementation review Quality Review	DFG certification Completed	Commercialisation / Council company Moved to December	NHLC Refurbishment Moved to January	Payroll Draft Report Issued	Benefits Moved to January	Outbound mail system	Waste Contract In Planning	Waste Contract Moved to February
Review of FAR Completed	Income Generation Final Report Issued	Cyber risks Moved to December	Northgate Contracts In Fieldwork	Integra system implementation In Fieldwork – contingent on project completion date		General Ledger In Fieldwork	NDR Terms of Reference Issued	Treasury Management Terms of Reference Issued	Asset Management system Cancelled		
Paperless committee system Moved to November	HTH & Museum operation Final Report Issued		Business Improvement Districts Draft Report Issued	Member Training In Fieldwork		Debtors Terms of Reference Issued	Council Tax Terms of Reference Issued	King George V Playing field	Joint Reviews (2)		
Member Training Moved to August						Creditors Terms of Reference Issued	Taxi Licensing Quality Review	Commercialisation / Council company	NHLC Refurbishment		
Joint Review – PREVENT (16/17) Final Report Issued							Tree Strategy & Management Quality Review	Cyber Risks In Planning	Benefits Terms of Reference Issued		
Joint Review – Local Authority Trading (16/17) In Fieldwork							Paperless committee system In Fieldwork				

Careline (16/17) Final Report Issued											
Hitchin Town Hall Project (16/17) In Fieldwork											
Consultants (16/17) Final Report Issued											
Green Space (16/17) Cancelled											

BACKGROUND

The Public Sector Internal Audit Standards (PSIAS) give clear guidance on criteria for communicating results and expectations regarding the audit engagement's assurance opinion but is silent on grading internal audit recommendations.

CURRENT APPROACH

The SIAS Audit Manual provides guidance on the priority level for internal audit recommendations made to mitigate the risk of the process subject to audit not achieving its objectives. Currently these are as follows:

Priority of Recommendations	
Category	Definition
High	There is a fundamental weakness, which presents material risk to the objectives and requires urgent attention by management.
Medium	There is a significant weakness, whose impact or frequency presents a risk which needs to be addressed by management.
Merits Attention	There is no significant weakness, but the findings merits attention by management.

Grading or prioritisation serves to separate out important, significant or critical actions from those that are less so. Some findings are high priority because of their impact on the Council as a whole, and others because they are critical within an individual service or system.

Ratings are determined following the consideration of the potential likelihood of a control weakness occurring, and the potential impact of such a failure on the system objectives.

Initial recommendation priority assessments are reviewed / challenged within SIAS's internal quality review processes and reason for the challenge and outcomes are recorded. This supports the consistent application of audit recommendation ratings across audits / clients.

Once the draft is issued, client management have an opportunity to further challenge the ratings and reasonable negotiation can take place over these. The target date for implementation of agreed management actions to address recommendations made should always be consistent with the priority level of the recommendation and may be challenged where necessary during the draft to final phase of the audit.

FINANCE, AUDIT AND RISK COMMITTEE 18 DECEMBER 2017

*PART 1 – PUBLIC DOCUMENT	AGENDA ITEM No. 7
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TITLE OF REPORT: RISK MANAGEMENT UPDATE

REPORT OF THE HEAD OF FINANCE, PERFORMANCE & ASSET MANAGEMENT
EXECUTIVE MEMBER: COUNCILLOR JULIAN CUNNINGHAM
COUNCIL PRIORITY: PROSPER AND PROTECT / RESPONSIVE AND EFFICIENT

1. EXECUTIVE SUMMARY

This report provides the Committee with an update on the assessment of Corporate risks. There are no proposed changes to these risks.

This report also provides an opportunity for the Committee to review the proposed Risk and Opportunities Management Strategy and Policy. The proposed changes are detailed are fairly minor and are detailed in section 8.2.

2. RECOMMENDATIONS

- 2.1 That the Committee notes that there are no changes to the Corporate risks for the Quarter.
- 2.2 That the Committee notes and refers the changes in the Risk & Opportunities Management Strategy (Appendix A) and Policy (Appendix B) documents to Cabinet.

3. REASONS FOR RECOMMENDATIONS

- 3.1 The responsibility for ensuring the management of the risks is that of Cabinet.
- 3.2 This Committee has responsibility to monitor the effective development and operation of risk management.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 There are no alternative options that are applicable

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 Consultation has been undertaken with SMT and the Risk Management Group (this includes Councillor Julian Cunningham as Risk Management Member 'champion') and these recommendations were supported. Lead Officers discuss these risks with the relevant Executive Member.

6. FORWARD PLAN

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

7. BACKGROUND

- 7.1 At the September meeting of the Finance, Audit and Risk Committee it was noted that there were no proposed changes to the Corporate risks for the Quarter.

8. RELEVANT CONSIDERATIONS

8.1 Corporate Risks

- 8.1.1 The Corporate Risks summarised in Table 1 have been reviewed and agreed by SMT. Members are able to view the current risk descriptions on Petana (was Covalent), the Council's performance and risk management software.

Likelihood	3 High	4	7 <ul style="list-style-type: none">Income Generation ProjectsSustainable Development (2 x Sub Risks)	9 <ul style="list-style-type: none">Local PlanManaging the Council's FinancesNorth Hertfordshire Museum and Hitchin Town Hall Project
	2 Medium	2	5 <ul style="list-style-type: none">Increased Homelessness and Use of B&BOffice AccommodationWorkforce Planning	8 <ul style="list-style-type: none">Cyber RisksWaste and Street Cleansing Contract Renewal (8 x Sub Risks)
	1 Low	1	3	6
		1 Low	2 Medium	3 High
		Impact		

- 8.1.2 Although a number of risks were reviewed by Officers and the Risk Management Group, there are no proposed changes to the Corporate risks in this update.

8.2 Risk and Opportunities Management Strategy and Policy

8.2.1 The Risk & Opportunities Management Strategy has been reviewed and is attached as Appendix A (tracked changes version) and Appendix B (new clean version). The main changes are:

- Section 2 of the Strategy (Objectives) has been updated in line with the revised Local Code of Corporate Governance, published as part of the Annual Governance Statement, which includes risk management as one of the seven key principles.
- Section 4 (Assessing Risks & Opportunities) has been updated in order to simplify the classifications for “Likelihood”, provided as guidance to Officers when making decisions on how to assess the level of risk.
 - Low likelihood description amended to “Unlikely in the next 12 months.”
 - Medium likelihood description amended to “Possible in the next 12 months.”
 - High likelihood description amended to “Likely in the next 12 months.”
- Section 6.13– wording has been updated to align with the Finance Audit & Risk Committee terms of reference.
- Section 6.14 currently states that the Risk Management Policy is referred to Council. It is proposed that this is deleted, as only the Annual Report is referred on from Cabinet.
- Section 7.14 and 7.15 updated to reflect that Cabinet approves the Risk & Opportunities Management Policy Statement, and not Full Council.
- Other changes are minor wording changes, along with updated references to the change from Covalent to Pentana Performance, and updates to the timetable.

8.2.2 The Risk & Opportunities Management policy has been reviewed and contains only minor wording changes. This is attached as Appendix C (tracked changes version) and Appendix D (new clean version).

9. LEGAL IMPLICATIONS

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

10. FINANCIAL IMPLICATIONS

10.1 There are no direct financial implications from this report.

11. RISK IMPLICATIONS

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

12. EQUALITIES IMPLICATIONS

12.1 In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment,

victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.

- 12.2 Reporting on the management of risk provides a means to monitor whether the council are meeting the stated outcomes of the district priorities, its targets or delivering accessible and appropriate services to the community to meet different people's needs. The risks of NHDC failing in its Public Sector Equality Duty are recorded on the Risk Register. The Council's risk management approach is holistic, taking account of commercial and physical risks. It should also consider the risks of not delivering a service in an equitable, accessible manner, and especially to its most vulnerable residents such as those who are homeless

13. SOCIAL VALUE IMPLICATIONS

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

14. HUMAN RESOURCE IMPLICATIONS

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

15. APPENDICES

- 15.1 Appendix A – The revised Risk & Opportunities Management Strategy (tracked changes version).
- 15.2 Appendix B – The revised Risk & Opportunities Management Strategy (new clean version).
- 15.3 Appendix C – The revised Risk & Opportunities Management Policy (tracked changes version).
- 15.4 Appendix D – The revised Risk & Opportunities Management Policy (new clean version).

16. CONTACT OFFICERS

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17. BACKGROUND PAPERS

- 17.1 The risks held on Petana the Council's Performance and Risk Management IT system.



RISK & OPPORTUNITIES MANAGEMENT STRATEGY FOR 2017/20

A Practical Guide to Risk and Opportunity Management in North Hertfordshire District Council

November 2017

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1 INTRODUCTION & PURPOSE

- 1.1 The purpose of the Risk & Opportunities Management Strategy is to provide a framework to define how risks and opportunities will be handled within North Hertfordshire District Council. It provides information on roles and responsibilities and processes and procedures. It sets the context in which risks are managed, in terms of how they will be identified, assessed, managed and reviewed.
- 1.2 In order to reflect the fact that the Council sometimes has to take risks in order to evolve and achieve its objectives, the definition of risk is, **“Something that may have an impact on the achievement of our objectives. This could be an opportunity as well as a threat.”**
- 1.3 This Strategy enables the Council to have a better understanding of the risks and opportunities it faces and how it can manage or capitalise on these effectively. By employing these techniques, the Council can become risk aware rather than risk averse. This is increasingly important in the current climate when the way that the Council operates has to change.
- 1.4 NHDC’s approach to risk management has been developed to support the key requirements of good corporate governance:

Openness and Inclusivity - Our approach to managing risks will be open and transparent and blame will not be attributed if decisions made in good faith turn out to be the wrong decisions. Officers, Members, partners, members of the public and outside organisations have access to information on our current risks and opportunities, including how we are managing them. Risk management supports and enhances our decision making process and all committee reports include information on the risks and opportunities in taking or not taking a recommended course of action.

Integrity - The control environment, which includes risk management, supports the integrity of the Council. The risk management framework is key to taking informed decisions and continued service delivery.

Accountability - There is clear accountability for our risks. This includes the risk section in committee reports; an Annual Governance Statement, approved by the Finance, Audit and Risk Committee and included in the Council’s Annual Accounts; an annual report to Council on risk management; and the regular internal and external audit inspections of our risks.
- 1.5 NHDC expects its officers and councillors to have a level of understanding of how risks and opportunities can affect the performance of the Council, thereby ensuring we achieve our objectives, and to regard the management of risk as part of their everyday activities.
- 1.6 The Risk & Opportunities Management Strategy is an essential element of strategic planning. NHDC has clear long-term goals and plans to achieve them. The Risk & Opportunities Management Strategy sits under the broader umbrella of the Corporate Plan.
- 1.7 The Council’s key partners and contractors must have their own risk management plans to suit the particular circumstances of their business and their key stakeholders. The Council has major shared objectives with its partners and the principles of our approach to risk will guide how we seek to tackle these objectives in a joined-up way. Wherever practicable, joint risk registers are put in place with key partners/contractors.
- 1.8 So that it can manage and demonstrate how well it has embedded risk management, the Council undertakes a regular review of the implementation of the Strategy across the organisation. This includes a review of the implementation of the risk management strategies of its key contractors and partners.

- 1.9 The Chief Executive and Leader of the Council have signed a Risk & Opportunities Management Policy Statement. This demonstrates how critical the risk management process is to the Council.

2 OBJECTIVES, PRINCIPLES & IMPLEMENTATION

Corporate Governance

2.1 NHDC revised its [Local Code of Corporate Governance](#) in 2017 and it includes risk management as one of the seven key principles:

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Ensuring openness and comprehensive stakeholder engagement.
- Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- **Managing risks and performance through robust internal control and strong public financial management.**
- Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

The Chief Executive and Leader of the Council must satisfy themselves that NHDC has effective corporate governance arrangements in place so that they can sign and publish an Annual Governance Statement with the annual accounts. An integrated risk management framework is an essential element of this.

Aim and Objectives

2.2 The purpose of the Risk & Opportunities Management Strategy is to provide a framework to drive forward the embedding of risk management throughout the Council, in its activities and partnership arrangements. This framework defines how risks and opportunities will be handled within North Hertfordshire District Council.

2.3 The Risk & Opportunities Management Strategy does not mean NHDC is required to take greater risks, but rather it enables the Council to have a better understanding of the risks and opportunities it faces and of how it can best manage or capitalise on them. By employing these techniques, the Council has become risk aware rather than risk averse.

2.4 Hence the objectives of the Risk & Opportunities Management Strategy are to:

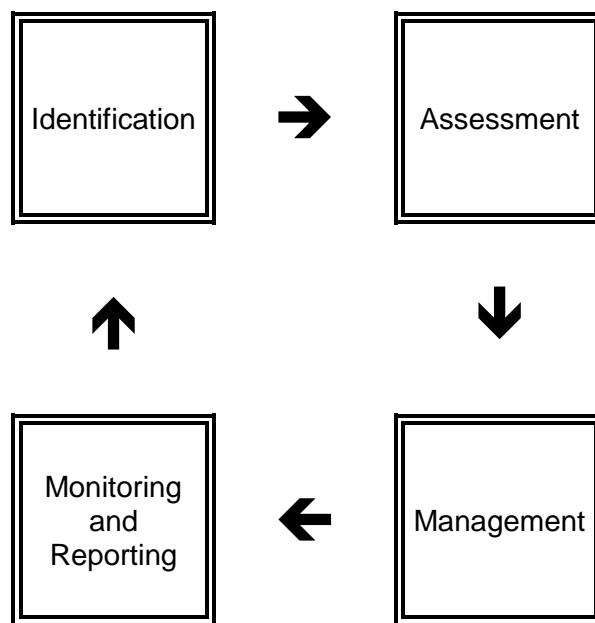
- Ensure that the Council achieves its objectives and is not overly risk averse.
- Integrate risk management into the culture of NHDC.
- Manage risk in accordance with best practice.
- Anticipate and respond to changing social, economic, environmental and legislative requirements.
- Prevent injury, damage and losses and reduce the cost of risk.
- Raise awareness of the need for risk management by all those connected with the Council's delivery of services, including our partners and contractors.

2.5 Good risk management supports and enhances the decision making process, increases the likelihood of the Council meeting its objectives and enables it to respond quickly to new pressures and opportunities. Managers need to consider risk management as an integral part of their job and the Senior Management Team and Cabinet must keep the Corporate Risks faced by NHDC under regular strategic review.

Principles

2.6 There are four key principles to risk management that underpin the Strategy:

- Identification
- Assessment
- Management
- Monitoring and Reporting



Subsequent sections of the Strategy describe each of these key principles in detail.

Implementation

- 2.7 The Strategy includes a timetable, thereby setting measurable targets.
- 2.8 The performance and risk software used by NHDC, Pentana Performance, is used to record and monitor the Council's Corporate Risks and Risk Register. This Strategy is also on the intranet.
- 2.9 The Council has both a Senior Officer and Member Risk Management Champion. They facilitate risk management awareness and improvement at both senior management and Member level.
- 2.10 Training is provided to new Service Managers, appropriate staff and Members to promote the awareness and understanding of risk management throughout North Hertfordshire District Council. Guidance is provided to all in respect of their risk management responsibilities.

3 IDENTIFYING RISKS & OPPORTUNITIES

- 3.1 The Chief Executive, Deputy Chief Executive and Service Directors/Heads of Service are asked to consider and identify the key risks to their services, as they affect delivery of the Council's objectives. The Council's objectives are:

- **Attractive and Thriving**

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

- **Prosper and Protect**

To promote sustainable growth within our district to ensure economic and social opportunities exist for our communities, whilst remaining mindful of our cultural and physical heritage.

- **Responsive and Efficient**

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

In the longer term, the Council is working with its strategic partners to deliver the vision of "Making North Hertfordshire a vibrant place to live, work and prosper." Understanding and being aware of the Council's objectives is a critical component to identifying and managing the Corporate Risks.

- 3.2 Service Managers have to identify threats to service delivery and performance in their own work areas, when undertaking projects, letting contracts, formulating or introducing new policies and engaging in partnership working. Service Managers record these risks on the Risk Register.
- 3.3 Managers update Pentana Performance when they have identified a risk or an opportunity. It is important that Managers use the Council's adopted description of risk, which is, "Something that may have an impact on the achievement of our objectives. This could be an opportunity as well as a threat." Managers need to adequately describe the identified threats and opportunities and need to consider the potential consequences. There may be a downturn or improvement in a related performance indicator and the quality of service received by the Council's customers.
- 3.4 Managers are required to consider the aims of any project/procurement/change to service delivery/partnership/policy and to record these as the opportunity. They should then consider the risks involved in delivering this opportunity.
- 3.5 To assist Managers in considering the full scope of the risk, certain risk categories are used. These could relate to the source of the risk, as well as the impact that might be seen on service delivery, finance, reputation and people:

Strategic	Failure to deliver a key objective.
Operational	Risks that relate to the delivery of the service, specifically around day-to-day work.
Information	Risks that relate to loss or inaccuracy of data, systems or reported information and the appropriate transfer and sharing of data.
Reputation	Risks that relate to the Council's brand or image - loss of public confidence.
Financial	Risks that relate to losing monetary resources or incurring unacceptable liabilities (including losses by fraud or corruption).
People	Risks associated with employees, management and to the wellbeing of the public, stakeholders and partners. Opportunities to demonstrate targeted service delivery, or increased opportunity for minority groups in the local community.
Regulatory	Risks related to the regulatory environment and non-compliance.

For example, the consequences of loss of office accommodation due to a fire would affect service delivery (Operational), records could be destroyed (Information) and employees could be injured (People). This is clearly a very simplistic example and the consequences would be considerably worse to those services providing an essential service to the public.

- 3.6 The Council's project management guidance has a Project Risk Log to enable Project Managers to identify the key risks to the delivery of a successful project. This is available on the intranet and has been pre-populated with previously identified key risks to projects. <http://intranet.north-herts.gov.uk/finance-and-procurement/corporate-governance/project-management/nhdc-project-management-framework-12>. A summary of these identified risks should then be added to Pentana Performance, with the Project Risk Log being subject to a frequent review by the Project Manager.
- 3.7 The benefits from any project should be clearly identified and have objective measures of achievement. If possible, Officers should establish baseline data against which improvements can be compared. This will enable the Council to measure the expected benefits from a project.
- 3.8 Managers need to be alive to the general type of external issues that could affect service delivery or projects, for example:
- Worldwide events, such as global recession, rises in fuel availability and prices, exit from the EU, and political, social and environmental upheaval.
 - Changing public expectations to public sector services and an increasingly litigious and compensation-driven response to perceived failures in the provision of public sector services.
 - The expansion of e-government and opportunity for self-access in the way the Council works and serves the community.
- The Council's approach to risk management should be flexible enough to accommodate new and previously unforeseen risks.
- 3.9 The successful delivery of the vision for North Hertfordshire depends on our strategic partners, such as the Police, the County Council, business and health partners. It is important that we look beyond the boundary of NHDC to identify risks, or indeed opportunities offered, to the achievement of the vision from our partnership, community and voluntary sector working.
- 3.10 Managers have to be careful to distinguish between a *risk* and an *issue*. A risk is something that might not occur. An issue is already happening or is 100% certain to happen. It is important to consider what the risk is, why it might arise and what the consequences could be.

- 3.11 Once a risk has been identified, it will be entered onto Pentana Performance as a Risk Register or Corporate Risk entry. The Risk Register is a central register consisting mainly of operational risks provided by each Service Manager. The Corporate Risks are cross cutting risks that services are facing, risks that may affect delivery of the objectives or key projects that the Council has to deliver, or risks to key partnerships that the Council has entered into.
- 3.12 The identification of risks and the cause of risk is an ongoing task and everyone has a part to play. It is not a central responsibility; the identification of new risks has to be undertaken by Officers across the Council. Managers have to review existing risks on the Risk Register regularly and members of the Risk Management Group provide advice and support to them.
- 3.13 Service Directors/Heads of Service are required to sign an Assurance Statement that confirms that they have identified the principal threats to their service delivery, projects, policies, funding and partnerships on the Risk Register and have put in place control arrangements to manage/mitigate their impact. Signing this statement also requires them to state that the control arrangements they have in place have worked effectively over the period of their existence.

4 ASSESSING RISKS & OPPORTUNITIES

4.1 It is important that Managers adopt a consistent approach to assessment, in order to enable the Council to prioritise the management of risks.

4.2 The likelihood of the event occurring needs to be expressed using the following categories:

1. Low	Unlikely in the next 12 months.
2. Medium	Possible in the next 12 months.
3. High	Likely in the next 12 months.

The example of a fire in office accommodation would have a low likelihood score of '1'.

4.3 The effect of the threat being realised is expressed by using the following descriptions:

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

The office fire example would have a high impact score of '3'.

- 4.4 Managers need to consider the cause of a risk and the benefits of taking an opportunity. The risk description needs to be clearly understood by anyone who is reading the Risk Register. If it is not well defined, it is difficult to understand why there is a risk and to identify appropriate and effective controls.



As a result of..., there is a risk that..., which may result in...

For example, *as a result of* lack of staff and budget resources, *there is a risk that* there will be a delay of six months in implementing buildings maintenance plans, *which may result in*:

- Increased deterioration of buildings.
 - Increased cost of implementing plans.
 - Budget shortfall.
 - Impact on insurance arrangements.
- 4.5 Managers should look at both the positive and negative effects and they should consider 'what would happen if we don't'. This helps the Council to become more confident with risk taking and capitalising on opportunities.
- 4.6 As Managers are trying to predict and describe future events, it is recognised that there is a degree of uncertainty in the assessments. Members of the Risk Management Group review the likelihood and impact scores to maintain a consistent approach throughout NHDC.
- 4.7 Managers should plot the risks on a risk matrix so that the Council can concentrate efforts on managing those that are most important. The Council uses the risk matrix below with priority being given to reducing the risks with a score of seven or more, or to obtaining a full understanding of the consequences of the risk:

RISK MATRIX

3	4	7	9
2	2	5	8
1	1	3	6
	1	2	3

IMPACT

- 4.8 The risks and opportunities assessed by Managers on Pentana Performance are fed into Service Overview Reports, which the system automatically generates on a weekly basis. All users of Pentana Performance can view the identified risks, including the arrangements in place to manage them.

- 4.9 The Risk Management Group reviews the Council's Corporate Risks and makes recommendations to the Senior Management Team, taking into account the corporate objectives.
- 4.10 The Senior Management Team reviews the Risk Management Group's recommendations and considers whether any of the risks need to be referred to Cabinet. These Corporate Risks are referred to the Finance, Audit and Risk Committee prior to going to Cabinet.
- 4.11 The Council's risk appetite is the level of risk that the Council is prepared to tolerate without putting in place further mitigation or controls. Although this is normally a risk matrix score of seven or above, it will depend on the individual circumstances. It may well be that the opportunities exceed the risk. For example, changes to a service may affect operational delivery in the short-term and impact on the Council's reputation. These short-term risks may however be worth accepting to deliver greater benefits, such as the closure of Hitchin and Letchworth Museums and the refurbishment of Hitchin Town Hall to provide a new North Hertfordshire Museum and enhanced community facility.

5 MANAGING RISKS & OPPORTUNITIES

- 5.1 Not all risks can be eliminated, but they can be reduced and/or plans can be put in place to deal with the effects. There needs to be an understanding how managing and capitalising on an opportunity will help achieve objectives.
- 5.2 The following five general approaches are used by the Council in managing its risks:
- **Transfer** - This might be done by use of insurance (to transfer the financial cost), or by contracting out some of our services (this transfers some but not all of the risks and will create different ones).
 - **Tolerate** - It may not be practical or cost effective to take effective action against some risks. In this instance, the risk should be monitored to ensure the probability or impact does not change.
 - **Treat** - Most risks will be in this category. This will involve putting in place a series of mitigation actions to contain the risk at an acceptable level. It will include contingency planning to describe what action needs to be taken if a risk becomes an issue.
 - **Terminate** - This involves quick and decisive action to eliminate a risk altogether. It is unlikely that the Council will be in a position to terminate the provision of a service.
 - **Taking an Opportunity** - This is an option to be considered whenever tolerating, treating or transferring a risk. Sometimes when exploring projects, partnership working etc., savings can be made/improvements to methods of service delivery can be achieved. It may also be that a scheme working with a local community group increases engagement with and opportunity for the development of employees or volunteers from the local community.
- 5.3 In completing/updating the risk module on Pentana Performance, Managers will describe existing and additional activities to manage the risks, including contingency plans to be followed in the event of the threat materialising. The actions should be described using SMART (specific, measurable, achievable, realistic and timely) objectives and they should be recorded on the system. The nominated Officer with responsibility for the action should be named and a target date for completion set.
- 5.4 The cost of the planned actions need to be established and, wherever possible, should not exceed the cost of the risk that they are mitigating. Cost may be identified as additional funding requirements or in redeployment of staff resources. Consideration of the costs linked to a risk or opportunity should be included in the Corporate Business Planning process. The costs associated with dealing with any risk should it materialise are assessed and provision is made in the Council's Reserves.
- 5.5 The actions to mitigate the risk recorded on Pentana Performance enable the progress in managing the risk to be monitored. It should be possible to identify if the action has been completed on time or not, or what level of progress has been made towards completing the action.
- 5.6 It is recognised that any risk can suddenly be realised and become a critical issue, even those assessed as having a low likelihood. The assessments could have been wrong and circumstances could have changed before the Council had a chance to respond to or review the risk. When considering a risk at the time it is identified, Managers should consider in advance what action to take if the risk develops.

6 MONITORING & REPORTING

- 6.1 Appropriate and effective reviews and reporting arrangements reinforce and support the risk management processes. They allow sufficient and accurate performance information to be passed to Risk Owners, Senior Managers, the Senior Management Team (SMT) and Members.
- 6.2 Due to the dynamic nature of risk management, each Service Manager is expected to conduct a review of their risks on Pentana Performance at least once a year or more frequently should circumstances change. These reviews should consider:
- Any new risks not previously recorded.
 - Whether existing risks are still relevant.
 - Assessing whether mitigation actions are having the desired effect.
 - Whether the impact and likelihood assessments need reviewing.
 - Checking that action dates are adhered to or revised accordingly.

The Risk Register

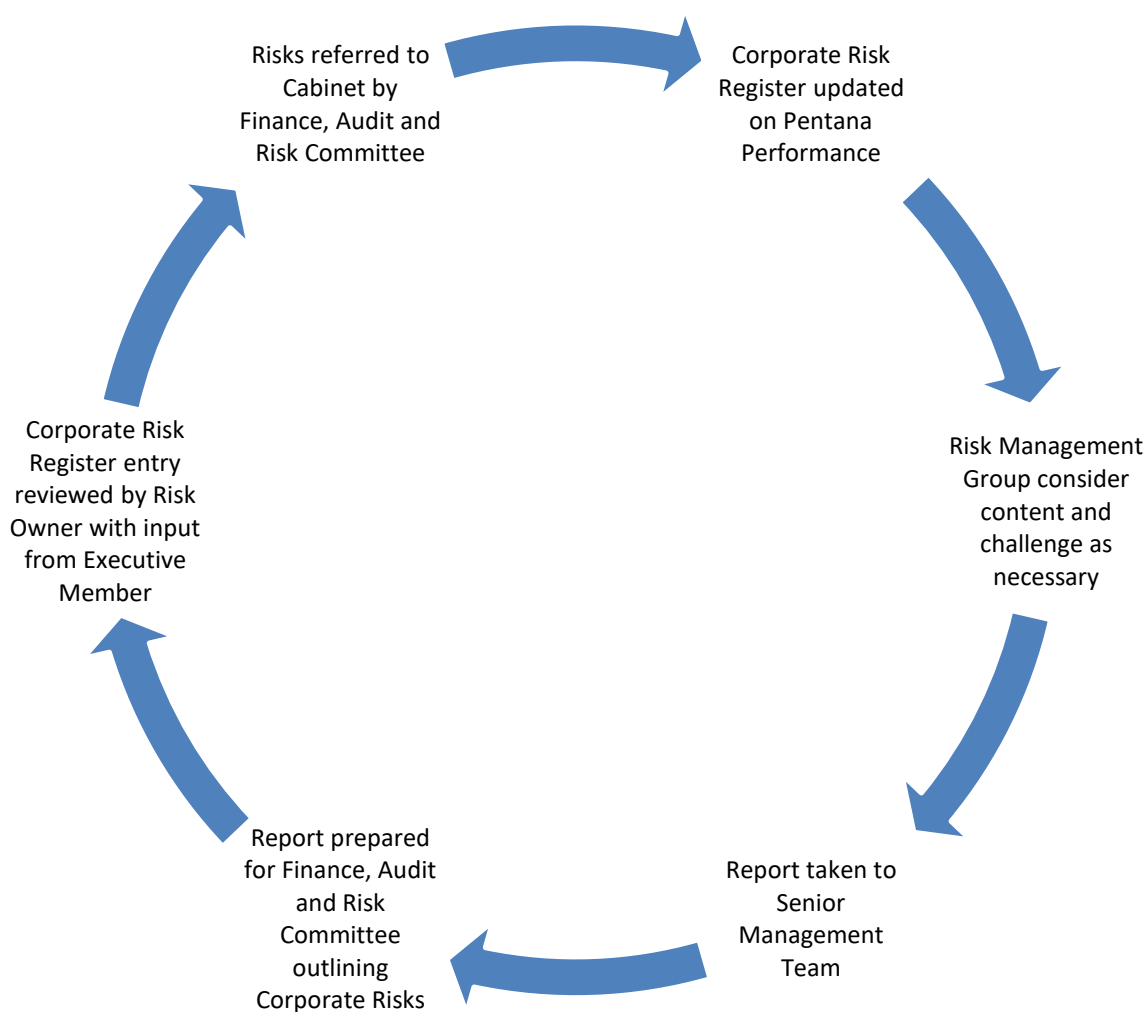
- 6.3 The Risk Register entries on Pentana Performance are the basic building blocks in the Strategy. The Risk Owner should review the risk at least once a year and the system generates reminder emails to them when the Next Review Date is approaching.
- 6.4 Pentana Performance has been set up to generate updated reports on the Risk Register automatically each week. This report is available to all via the system.
- 6.5 The Risk Management Group reviews new risks and any lessons learned when risks are deleted from the Risk Register (particularly in relation to projects). This includes a consideration of the residual risks.
- 6.6 Pentana Performance requires Managers to assess the risk as it stands and to set a date when the risk should be reassessed. The system enables progress on mitigating any unacceptable risks back to an acceptable level to be monitored.
- 6.7 The risk matrix is used to plot the risks and to enable Service Directors/Heads of Service to prioritise risk management activities that need to be undertaken to mitigate the risks. This risk information feeds into the Corporate Business Planning process.
- 6.8 The Risk Register also provides an understanding on how managing or capitalising on an opportunity can help achieve the objectives.

The Corporate Risks

- 6.9 The Corporate Risks facing the Council are those that cut across the delivery of all services, key projects and those that will affect the delivery of the Council's objectives. They are the responsibility of the Senior Management Team and Cabinet. Cabinet ensure the Corporate Risks are managed appropriately.
- 6.10 The Lead Officers are the Service Directors/Heads of Service or Managers responsible for managing the risks. Lead Members are the appropriate Executive Members.
- 6.11 The Corporate Risks are discussed at the Risk Management Group and any significant changes considered by the Lead Officers are included in the reports to SMT.
- 6.12 After consideration by SMT, the Corporate Risks are reported to the Finance, Audit and Risk Committee four times a year.

- 6.13 The Finance, Audit and Risk Committee monitor the effective development and operation of risk management within the Council. It agrees actions put forward by officers, where appropriate, and makes recommendations to Cabinet.
- 6.14 The Finance, Audit and Risk Committee refer any amendments to Corporate Risks, the Risk & Opportunities Management Strategy and the Risk & Opportunities Management Policy Statement to Cabinet. .

Diagram representing the review of Corporate Risks



- 6.15 In addition to the reviews undertaken and represented in the above diagram, the changes to the Corporate Risks throughout the year are summarised in the annual report to Full Council.

Risk Management Group

- 6.16 The Risk Management Group seeks to focus and co-ordinate risk management activities throughout the Council by facilitating the identification, evaluation and management of all significant risks. It provides advice and support to all Service Managers and Members. The Group reviews the reports to SMT and the Finance, Audit and Risk Committee.
- 6.17 The Group has Terms of Reference and meets on a regular basis, at least four times a year.

6.18 The Group challenges the Lead Officers for the Corporate Risks on their assessment and management of the risk. It also reviews any new risks added to Pentana Performance and challenges the need for them to be incorporated in the Risk Register.

6.19 The Group reviews learning from completed projects and risks deleted from the Risk Register, including whether or not residual risks remain acceptable.

Service Reports

6.20 Where a particular service area has a large number or variety of risks, additional support will be provided to help identify and monitor the risks. This will usually be during a team meeting. This enables a local challenge by Managers within that service that have an understanding of the operational service risks, including new and emerging risks relevant to that service.

Committee Reports

6.21 The standard Committee Report template requires report writers to address the risks and opportunities raised in their report under the Risk Implications section. This enables Members to be fully aware of the risks and opportunities they are taking when agreeing recommendations.

Annual Report

6.22 Full Council receives an annual report on risk management from the Member Risk Management Champion.

7 ROLES & RESPONSIBILITIES

- 7.1 Officers, Members, contractors and partners all have a part to play in risk management. Not everyone can be involved in managing and reporting on risks but all can be involved in identifying and assessing risks. There needs to be clarity, however, in terms of 'who does what'.

Everyone

- 7.2 If a Member or Officer becomes aware of a risk that has not already been identified and recorded, they should discuss it with the relevant Service Manager. There may be no need to record the risk or take any action, as it may be possible to manage the risk and eliminate it immediately. If it cannot be managed satisfactorily, it should be directly input onto Pentana Performance by the Service Manager.

Service Managers

- 7.3 Service Managers should identify and assess the risks that threaten service delivery or the achievement of the Council's objectives. This includes the completion of a Project Risk Log when undertaking a project. New risks should be directly input on to Pentana Performance. Formal reviews should occur at least once a year or more frequently if necessary. Managers are accountable for managing their risks by putting actions in place to treat, terminate or tolerate the identified risk.

Risk Owners

- 7.4 Each risk identified on the Risk Register has a corresponding Risk Owner. This is the Officer who can ensure effective action is taken to tackle that risk. The Risk Owner is responsible for checking the quality of data recorded on Covalent. They will oversee the controls already in place and will review the proposed contingencies and develop additional actions as required.

Risk Management Champions

- 7.5 The Head of Finance, Performance and Asset Management and the Executive Member for Finance & IT jointly champion and facilitate risk management awareness and improvement at senior management and Member level and the embedding of risk management throughout the Council. The Member Champion is responsible for presenting the annual risk management report to Council.

Head of Finance, Performance and Asset Management

- 7.6 The Head of Finance, Performance and Asset Management ensures the implementation of the Risk & Opportunities Management Strategy on behalf of the Council. The Head of Finance, Performance and Asset Management and members of the team:
- Analyse issues and offer options and advice.
 - Support decision-making and policy formulation.
 - Provide support in the risk identification and analysis process.
 - Provide support in prioritising risk mitigation action.
 - Provide advice and support in determining risk treatments.

Shared Internal Audit Service (SIAS)

- 7.7 SIAS has an integrated role in the Risk & Opportunities Management Strategy. It aims to focus audits on areas of risk and provide an independent opinion on the Council's Risk & Opportunities Management Strategy.

Risk Management Group

7.8 The objective of the Risk Management Group is to oversee the Risk & Opportunities Management Strategy. It adds value to the risk management process by:

- Advising and supporting the SMT on risk strategies.
- Identifying areas of overlapping risk.
- Driving new risk management initiatives.
- Communicating risk management and sharing good practice.
- Providing and reviewing risk management training.
- Regularly reviewing the risks recorded on Covalent.
- Coordinating the results for risk reporting.

Senior Management Team

7.9 SMT takes a leading role in identifying and managing the risks and opportunities facing the Council. SMT agrees the Risk & Opportunities Management Strategy and it is responsible for identifying and assessing the Corporate Risks. SMT has direct responsibility for managing the Corporate Risks and it oversees reports to Members on risk management.

Finance, Audit and Risk Committee

7.10 The Finance, Audit and Risk Committee oversees the effective management of risk by the Council by receiving and considering the Corporate Risks and risk management reports. Any changes to the Corporate Risks are referred to Cabinet. The Chairman provides an assurance on the risk management framework in the Annual Governance Statement.

7.11 The Finance, Audit and Risk Committee provides assurances on the Annual Governance Statement and recommends its signature to the Leader of the Council and Chief Executive.

Cabinet

7.12 Cabinet is responsible for ensuring the Corporate Risks facing North Hertfordshire District Council are managed. This may be through relevant interaction with Executive Members and Service Directors/Heads of Service. The Corporate Risks are referred to Cabinet by the Finance, Audit and Risk Committee and additional resources might be required to manage the risks effectively.

7.13 Cabinet also oversees the effective management of risks by Officers through Executive Members liaising with Senior Officers and gets involved in the identification of high level, strategic risks when necessary.

7.14 Cabinet approves the Risk & Opportunities Management Strategy and the Risk & Opportunities Management Policy Statement.

Full Council

7.15 Full Council receives an annual report on risk management. All Members should have regard to risk management implications in their decision-making.

Lead Officers

7.16 Lead Officers are identified on the Corporate Risks facing the Council. Their role is to act as Project Manager for the Corporate Risk nominated to them. The Corporate Risks are the responsibility of the Senior Management Team to manage and for the Cabinet (via Executive Members) to provide a strategic input and direction.

Lead Members

- 7.17 Lead Members are identified for the Corporate Risks facing the Council and are normally the relevant Executive Member. Their role is to oversee the management of the Corporate Risk nominated to them.

Contractors/Partners

- 7.18 Contractors and partners are included in the Risk & Opportunities Management Strategy for NHDC. The risk appetite for both contractors and partners should be considered prior to engaging into contracts or partnerships. Ideally, a joint Risk Register should be in place for significant contracts and partnerships. In order to achieve the Council's objectives, Client Officers/Relationship Managers should implement an ongoing review of risks jointly with appropriate contractors and partners. Further guidance on risks within Contract Management is provided on the intranet at <http://intranet.north-herts.gov.uk/home/finance-and-procurement/procurement/contract-management> Contractors and partners should be able to demonstrate that they have resilient business continuity plans in place.

8 TIMETABLE FOR 2017/20

8.1 The Council has an embedded risk management process as outlined in this Strategy.

8.2 The following timetable outlines the key risk management activities for 2017/20:

Task	By Date	Responsible Parties
Formal review of risks by Service Managers	Once a year or more frequently if necessary	Service Managers
Corporate Business Planning – consideration of resources to mitigate risks and the financial risks that may impact on General Fund balances	November to February	Service Directors/Heads of Service, Service Managers
Risk management reports on the review of the Corporate Risks to Senior Management Team	November February May August	Head of FPAM, Risk Management Group
Risk management reports on the review of the Corporate Risks to the Finance, Audit and Risk Committee	December March June September	Head of FPAM, Risk Management Group
Annual risk management report to Full Council	June	Executive Member for Finance & IT (Member Champion)
Risk management training for Officers	As required (e.g. new starter)	Head of FPAM, Performance & Risk Officer
Programme of review of risk entries on Pentana Performance with Managers	March	Performance & Risk Officer
Review Risk Management Group Terms of Reference	November	Risk Management Group
Review Risk & Opportunities Management Strategy	November	Risk Management Group
Update Strategy on intranet and put message on Message Board	December	Head of FPAM
Prepare Assurance Statements	February	Service Directors/Heads of Service, Chairman of FAR Committee
Prepare Annual Governance Statement	April	Senior Management Team



RISK & OPPORTUNITIES MANAGEMENT STRATEGY FOR 2017/20

A Practical Guide to Risk and Opportunity Management in North Hertfordshire District Council

November 2017

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1 INTRODUCTION & PURPOSE

- 1.1 The purpose of the Risk & Opportunities Management Strategy is to provide a framework to define how risks and opportunities will be handled within North Hertfordshire District Council. It provides information on roles and responsibilities and processes and procedures. It sets the context in which risks are managed, in terms of how they will be identified, assessed, managed and reviewed.
- 1.2 In order to reflect the fact that the Council sometimes has to take risks in order to evolve and achieve its objectives, the definition of risk is, **“Something that may have an impact on the achievement of our objectives. This could be an opportunity as well as a threat.”**
- 1.3 This Strategy enables the Council to have a better understanding of the risks and opportunities it faces and how it can manage or capitalise on these effectively. By employing these techniques, the Council can become risk aware rather than risk averse. This is increasingly important in the current climate when the way that the Council operates has to change.
- 1.4 NHDC’s approach to risk management has been developed to support the key requirements of good corporate governance:

Openness and Inclusivity - Our approach to managing risks will be open and transparent and blame will not be attributed if decisions made in good faith turn out to be the wrong decisions. Officers, Members, partners, members of the public and outside organisations have access to information on our current risks and opportunities, including how we are managing them. Risk management supports and enhances our decision making process and all committee reports include information on the risks and opportunities in taking or not taking a recommended course of action.

Integrity - The control environment, which includes risk management, supports the integrity of the Council. The risk management framework is key to taking informed decisions and continued service delivery.

Accountability - There is clear accountability for our risks. This includes the risk section in committee reports; an Annual Governance Statement, approved by the Finance, Audit and Risk Committee and included in the Council’s Annual Accounts; an annual report to Council on risk management; and the regular internal and external audit inspections of our risks.
- 1.5 NHDC expects its officers and councillors to have a level of understanding of how risks and opportunities can affect the performance of the Council, thereby ensuring we achieve our objectives, and to regard the management of risk as part of their everyday activities.
- 1.6 The Risk & Opportunities Management Strategy is an essential element of strategic planning. NHDC has clear long-term goals and plans to achieve them. The Risk & Opportunities Management Strategy sits under the broader umbrella of the Corporate Plan.
- 1.7 The Council’s key partners and contractors must have their own risk management plans to suit the particular circumstances of their business and their key stakeholders. The Council has major shared objectives with its partners and the principles of our approach to risk will guide how we seek to tackle these objectives in a joined-up way. Wherever practicable, joint risk registers are put in place with key partners/contractors.

- 1.8 So that it can manage and demonstrate how well it has embedded risk management, the Council undertakes a regular review of the implementation of the Strategy across the organisation. This includes a review of the implementation of the risk management strategies of its key contractors and partners.
- 1.9 The Chief Executive and Leader of the Council have signed a Risk & Opportunities Management Policy Statement. This demonstrates how critical the risk management process is to the Council.

2 OBJECTIVES, PRINCIPLES & IMPLEMENTATION

Corporate Governance

2.1 NHDC revised its [Local Code of Corporate Governance](#) in 2017 and it includes risk management as one of the seven key principles:

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Ensuring openness and comprehensive stakeholder engagement.
- Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- **Managing risks and performance through robust internal control and strong public financial management.**
- Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

The Chief Executive and Leader of the Council must satisfy themselves that NHDC has effective corporate governance arrangements in place so that they can sign and publish an Annual Governance Statement with the annual accounts. An integrated risk management framework is an essential element of this.

Aim and Objectives

2.2 The purpose of the Risk & Opportunities Management Strategy is to provide a framework to drive forward the embedding of risk management throughout the Council, in its activities and partnership arrangements. This framework defines how risks and opportunities will be handled within North Hertfordshire District Council.

2.3 The Risk & Opportunities Management Strategy does not mean NHDC is required to take greater risks, but rather it enables the Council to have a better understanding of the risks and opportunities it faces and of how it can best manage or capitalise on them. By employing these techniques, the Council has become risk aware rather than risk averse.

2.4 Hence the objectives of the Risk & Opportunities Management Strategy are to:

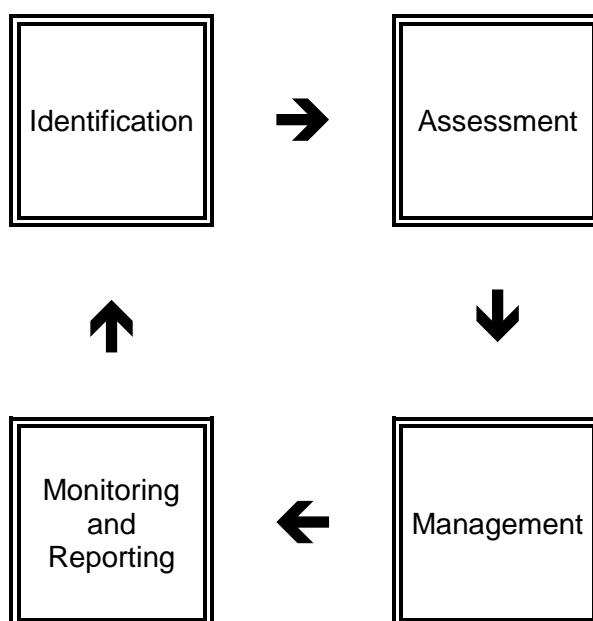
- Ensure that the Council achieves its objectives and is not overly risk averse.
- Integrate risk management into the culture of NHDC.
- Manage risk in accordance with best practice.
- Anticipate and respond to changing social, economic, environmental and legislative requirements.
- Prevent injury, damage and losses and reduce the cost of risk.
- Raise awareness of the need for risk management by all those connected with the Council's delivery of services, including our partners and contractors.

2.5 Good risk management supports and enhances the decision making process, increases the likelihood of the Council meeting its objectives and enables it to respond quickly to new pressures and opportunities. Managers need to consider risk management as an integral part of their job and the Senior Management Team and Cabinet must keep the Corporate Risks faced by NHDC under regular strategic review.

Principles

2.6 There are four key principles to risk management that underpin the Strategy:

- Identification
- Assessment
- Management
- Monitoring and Reporting



Subsequent sections of the Strategy describe each of these key principles in detail.

Implementation

- 2.7 The Strategy includes a timetable, thereby setting measurable targets.
- 2.8 The performance and risk software used by NHDC, Pentana Performance, is used to record and monitor the Council's Corporate Risks and Risk Register. This Strategy is also on the intranet.
- 2.9 The Council has both a Senior Officer and Member Risk Management Champion. They facilitate risk management awareness and improvement at both senior management and Member level.
- 2.10 Training is provided to new Service Managers, appropriate staff and Members to promote the awareness and understanding of risk management throughout North Hertfordshire District Council. Guidance is provided to all in respect of their risk management responsibilities.

3 IDENTIFYING RISKS & OPPORTUNITIES

- 3.1 The Chief Executive, Deputy Chief Executive and Service Directors/Heads of Service are asked to consider and identify the key risks to their services, as they affect delivery of the Council's objectives. The Council's objectives are:

- **Attractive and Thriving**

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

- **Prosper and Protect**

To promote sustainable growth within our district to ensure economic and social opportunities exist for our communities, whilst remaining mindful of our cultural and physical heritage.

- **Responsive and Efficient**

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

In the longer term, the Council is working with its strategic partners to deliver the vision of "Making North Hertfordshire a vibrant place to live, work and prosper." Understanding and being aware of the Council's objectives is a critical component to identifying and managing the Corporate Risks.

- 3.2 Service Managers have to identify threats to service delivery and performance in their own work areas, when undertaking projects, letting contracts, formulating or introducing new policies and engaging in partnership working. Service Managers record these risks on the Risk Register.
- 3.3 Managers update Pentana Performance when they have identified a risk or an opportunity. It is important that Managers use the Council's adopted description of risk, which is, "Something that may have an impact on the achievement of our objectives. This could be an opportunity as well as a threat." Managers need to adequately describe the identified threats and opportunities and need to consider the potential consequences. There may be a downturn or improvement in a related performance indicator and the quality of service received by the Council's customers.
- 3.4 Managers are required to consider the aims of any project/procurement/change to service delivery/partnership/policy and to record these as the opportunity. They should then consider the risks involved in delivering this opportunity.
- 3.5 To assist Managers in considering the full scope of the risk, certain risk categories are used. These could relate to the source of the risk, as well as the impact that might be seen on service delivery, finance, reputation and people:

Strategic	Failure to deliver a key objective.
Operational	Risks that relate to the delivery of the service, specifically around day-to-day work.
Information	Risks that relate to loss or inaccuracy of data, systems or reported information and the appropriate transfer and sharing of data.
Reputation	Risks that relate to the Council's brand or image - loss of public confidence.
Financial	Risks that relate to losing monetary resources or incurring unacceptable liabilities (including losses by fraud or corruption).
People	Risks associated with employees, management and to the wellbeing of the public, stakeholders and partners. Opportunities to demonstrate targeted service delivery, or increased opportunity for minority groups in the local community.
Regulatory	Risks related to the regulatory environment and non-compliance.

For example, the consequences of loss of office accommodation due to a fire would affect service delivery (Operational), records could be destroyed (Information) and employees could be injured (People). This is clearly a very simplistic example and the consequences would be considerably worse to those services providing an essential service to the public.

- 3.6 The Council's project management guidance has a Project Risk Log to enable Project Managers to identify the key risks to the delivery of a successful project. This is available on the intranet and has been pre-populated with previously identified key risks to projects. <http://intranet.north-herts.gov.uk/finance-and-procurement/corporate-governance/project-management/nhdc-project-management-framework-12>. A summary of these identified risks should then be added to Pentana Performance, with the Project Risk Log being subject to a frequent review by the Project Manager.
- 3.7 The benefits from any project should be clearly identified and have objective measures of achievement. If possible, Officers should establish baseline data against which improvements can be compared. This will enable the Council to measure the expected benefits from a project.
- 3.8 Managers need to be alive to the general type of external issues that could affect service delivery or projects, for example:
- Worldwide events, such as global recession, rises in fuel availability and prices, exit from the EU, and political, social and environmental upheaval.
 - Changing public expectations to public sector services and an increasingly litigious and compensation-driven response to perceived failures in the provision of public sector services.
 - The expansion of e-government and opportunity for self-access in the way the Council works and serves the community.
- The Council's approach to risk management should be flexible enough to accommodate new and previously unforeseen risks.
- 3.9 The successful delivery of the vision for North Hertfordshire depends on our strategic partners, such as the Police, the County Council, business and health partners. It is important that we look beyond the boundary of NHDC to identify risks, or indeed opportunities offered, to the achievement of the vision from our partnership, community and voluntary sector working.

- 3.10 Managers have to be careful to distinguish between a *risk* and an *issue*. A risk is something that might not occur. An issue is already happening or is 100% certain to happen. It is important to consider what the risk is, why it might arise and what the consequences could be.
- 3.11 Once a risk has been identified, it will be entered onto Pentana Performance as a Risk Register or Corporate Risk entry. The Risk Register is a central register consisting mainly of operational risks provided by each Service Manager. The Corporate Risks are cross cutting risks that services are facing, risks that may affect delivery of the objectives or key projects that the Council has to deliver, or risks to key partnerships that the Council has entered into.
- 3.12 The identification of risks and the cause of risk is an ongoing task and everyone has a part to play. It is not a central responsibility; the identification of new risks has to be undertaken by Officers across the Council. Managers have to review existing risks on the Risk Register regularly and members of the Risk Management Group provide advice and support to them.
- 3.13 Service Directors/Heads of Service are required to sign an Assurance Statement that confirms that they have identified the principal threats to their service delivery, projects, policies, funding and partnerships on the Risk Register and have put in place control arrangements to manage/mitigate their impact. Signing this statement also requires them to state that the control arrangements they have in place have worked effectively over the period of their existence.

4 ASSESSING RISKS & OPPORTUNITIES

4.1 It is important that Managers adopt a consistent approach to assessment, in order to enable the Council to prioritise the management of risks.

4.2 The likelihood of the event occurring needs to be expressed using the following categories:

1. Low	Unlikely in the next 12 months.
2. Medium	Possible in the next 12 months.
3. High	Likely in the next 12 months.

The example of a fire in office accommodation would have a low likelihood score of '1'.

4.3 The effect of the threat being realised is expressed by using the following descriptions:

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

The office fire example would have a high impact score of '3'.

- 4.4 Managers need to consider the cause of a risk and the benefits of taking an opportunity. The risk description needs to be clearly understood by anyone who is reading the Risk Register. If it is not well defined, it is difficult to understand why there is a risk and to identify appropriate and effective controls.



As a result of..., there is a risk that..., which may result in...

For example, *as a result of* lack of staff and budget resources, *there is a risk that* there will be a delay of six months in implementing buildings maintenance plans, *which may result in*:

- Increased deterioration of buildings.
 - Increased cost of implementing plans.
 - Budget shortfall.
 - Impact on insurance arrangements.
- 4.5 Managers should look at both the positive and negative effects and they should consider 'what would happen if we don't'. This helps the Council to become more confident with risk taking and capitalising on opportunities.
- 4.6 As Managers are trying to predict and describe future events, it is recognised that there is a degree of uncertainty in the assessments. Members of the Risk Management Group review the likelihood and impact scores to maintain a consistent approach throughout NHDC.
- 4.7 Managers should plot the risks on a risk matrix so that the Council can concentrate efforts on managing those that are most important. The Council uses the risk matrix below with priority being given to reducing the risks with a score of seven or more, or to obtaining a full understanding of the consequences of the risk:

RISK MATRIX

3	4	7	9
2	2	5	8
1	1	3	6
	1	2	3

IMPACT

- 4.8 The risks and opportunities assessed by Managers on Pentana Performance are fed into Service Overview Reports, which the system automatically generates on a weekly basis. All users of Pentana Performance can view the identified risks, including the arrangements in place to manage them.

- 4.9 The Risk Management Group reviews the Council's Corporate Risks and makes recommendations to the Senior Management Team, taking into account the corporate objectives.
- 4.10 The Senior Management Team reviews the Risk Management Group's recommendations and considers whether any of the risks need to be referred to Cabinet. These Corporate Risks are referred to the Finance, Audit and Risk Committee prior to going to Cabinet.
- 4.11 The Council's risk appetite is the level of risk that the Council is prepared to tolerate without putting in place further mitigation or controls. Although this is normally a risk matrix score of seven or above, it will depend on the individual circumstances. It may well be that the opportunities exceed the risk. For example, changes to a service may affect operational delivery in the short-term and impact on the Council's reputation. These short-term risks may however be worth accepting to deliver greater benefits, such as the closure of Hitchin and Letchworth Museums and the refurbishment of Hitchin Town Hall to provide a new North Hertfordshire Museum and enhanced community facility.

5 MANAGING RISKS & OPPORTUNITIES

- 5.1 Not all risks can be eliminated, but they can be reduced and/or plans can be put in place to deal with the effects. There needs to be an understanding how managing and capitalising on an opportunity will help achieve objectives.
- 5.2 The following five general approaches are used by the Council in managing its risks:
- **Transfer** - This might be done by use of insurance (to transfer the financial cost), or by contracting out some of our services (this transfers some but not all of the risks and will create different ones).
 - **Tolerate** - It may not be practical or cost effective to take effective action against some risks. In this instance, the risk should be monitored to ensure the probability or impact does not change.
 - **Treat** - Most risks will be in this category. This will involve putting in place a series of mitigation actions to contain the risk at an acceptable level. It will include contingency planning to describe what action needs to be taken if a risk becomes an issue.
 - **Terminate** - This involves quick and decisive action to eliminate a risk altogether. It is unlikely that the Council will be in a position to terminate the provision of a service.
 - **Taking an Opportunity** - This is an option to be considered whenever tolerating, treating or transferring a risk. Sometimes when exploring projects, partnership working etc., savings can be made/improvements to methods of service delivery can be achieved. It may also be that a scheme working with a local community group increases engagement with and opportunity for the development of employees or volunteers from the local community.
- 5.3 In completing/updating the risk module on Pentana Performance, Managers will describe existing and additional activities to manage the risks, including contingency plans to be followed in the event of the threat materialising. The actions should be described using SMART (specific, measurable, achievable, realistic and timely) objectives and they should be recorded on the system. The nominated Officer with responsibility for the action should be named and a target date for completion set.
- 5.4 The cost of the planned actions need to be established and, wherever possible, should not exceed the cost of the risk that they are mitigating. Cost may be identified as additional funding requirements or in redeployment of staff resources. Consideration of the costs linked to a risk or opportunity should be included in the Corporate Business Planning process. The costs associated with dealing with any risk should it materialise are assessed and provision is made in the Council's Reserves.
- 5.5 The actions to mitigate the risk recorded on Pentana Performance enable the progress in managing the risk to be monitored. It should be possible to identify if the action has been completed on time or not, or what level of progress has been made towards completing the action.
- 5.6 It is recognised that any risk can suddenly be realised and become a critical issue, even those assessed as having a low likelihood. The assessments could have been wrong and circumstances could have changed before the Council had a chance to respond to or review the risk. When considering a risk at the time it is identified, Managers should consider in advance what action to take if the risk develops.

6 MONITORING & REPORTING

- 6.1 Appropriate and effective reviews and reporting arrangements reinforce and support the risk management processes. They allow sufficient and accurate performance information to be passed to Risk Owners, Senior Managers, the Senior Management Team (SMT) and Members.
- 6.2 Due to the dynamic nature of risk management, each Service Manager is expected to conduct a review of their risks on Pentana Performance at least once a year or more frequently should circumstances change. These reviews should consider:
- Any new risks not previously recorded.
 - Whether existing risks are still relevant.
 - Assessing whether mitigation actions are having the desired effect.
 - Whether the impact and likelihood assessments need reviewing.
 - Checking that action dates are adhered to or revised accordingly.

The Risk Register

- 6.3 The Risk Register entries on Pentana Performance are the basic building blocks in the Strategy. The Risk Owner should review the risk at least once a year and the system generates reminder emails to them when the Next Review Date is approaching.
- 6.4 Pentana Performance has been set up to generate updated reports on the Risk Register automatically each week. This report is available to all via the system.
- 6.5 The Risk Management Group reviews new risks and any lessons learned when risks are deleted from the Risk Register (particularly in relation to projects). This includes a consideration of the residual risks.
- 6.6 Pentana Performance requires Managers to assess the risk as it stands and to set a date when the risk should be reassessed. The system enables progress on mitigating any unacceptable risks back to an acceptable level to be monitored.
- 6.7 The risk matrix is used to plot the risks and to enable Service Directors/Heads of Service to prioritise risk management activities that need to be undertaken to mitigate the risks. This risk information feeds into the Corporate Business Planning process.
- 6.8 The Risk Register also provides an understanding on how managing or capitalising on an opportunity can help achieve the objectives.

The Corporate Risks

- 6.9 The Corporate Risks facing the Council are those that cut across the delivery of all services, key projects and those that will affect the delivery of the Council's objectives. They are the responsibility of the Senior Management Team and Cabinet. Cabinet ensure the Corporate Risks are managed appropriately.
- 6.10 The Lead Officers are the Service Directors/Heads of Service or Managers responsible for managing the risks. Lead Members are the appropriate Executive Members.
- 6.11 The Corporate Risks are discussed at the Risk Management Group and any significant changes considered by the Lead Officers are included in the reports to SMT.
- 6.12 After consideration by SMT, the Corporate Risks are reported to the Finance, Audit and Risk Committee four times a year.

- 6.13 The Finance, Audit and Risk Committee monitor the effective development and operation of risk management within the Council. It agrees actions put forward by officers, where appropriate, and makes recommendations to Cabinet.
- 6.14 The Finance, Audit and Risk Committee refer any amendments to Corporate Risks, the Risk & Opportunities Management Strategy and the Risk & Opportunities Management Policy Statement to Cabinet. .

Diagram representing the review of Corporate Risks



- 6.15 In addition to the reviews undertaken and represented in the above diagram, the changes to the Corporate Risks throughout the year are summarised in the annual report to Full Council.

Risk Management Group

- 6.16 The Risk Management Group seeks to focus and co-ordinate risk management activities throughout the Council by facilitating the identification, evaluation and management of all significant risks. It provides advice and support to all Service Managers and Members. The Group reviews the reports to SMT and the Finance, Audit and Risk Committee.

- 6.17 The Group has Terms of Reference and meets on a regular basis, at least four times a year.
- 6.18 The Group challenges the Lead Officers for the Corporate Risks on their assessment and management of the risk. It also reviews any new risks added to Pentana Performance and challenges the need for them to be incorporated in the Risk Register.
- 6.19 The Group reviews learning from completed projects and risks deleted from the Risk Register, including whether or not residual risks remain acceptable.

Service Reports

- 6.20 Where a particular service area has a large number or variety of risks, additional support will be provided to help identify and monitor the risks. This will usually be during a team meeting. This enables a local challenge by Managers within that service that have an understanding of the operational service risks, including new and emerging risks relevant to that service.

Committee Reports

- 6.21 The standard Committee Report template requires report writers to address the risks and opportunities raised in their report under the Risk Implications section. This enables Members to be fully aware of the risks and opportunities they are taking when agreeing recommendations.

Annual Report

- 6.22 Full Council receives an annual report on risk management from the Member Risk Management Champion.

7 ROLES & RESPONSIBILITIES

- 7.1 Officers, Members, contractors and partners all have a part to play in risk management. Not everyone can be involved in managing and reporting on risks but all can be involved in identifying and assessing risks. There needs to be clarity, however, in terms of 'who does what'.

Everyone

- 7.2 If a Member or Officer becomes aware of a risk that has not already been identified and recorded, they should discuss it with the relevant Service Manager. There may be no need to record the risk or take any action, as it may be possible to manage the risk and eliminate it immediately. If it cannot be managed satisfactorily, it should be directly input onto Pentana Performance by the Service Manager.

Service Managers

- 7.3 Service Managers should identify and assess the risks that threaten service delivery or the achievement of the Council's objectives. This includes the completion of a Project Risk Log when undertaking a project. New risks should be directly input on to Pentana Performance. Formal reviews should occur at least once a year or more frequently if necessary. Managers are accountable for managing their risks by putting actions in place to treat, terminate or tolerate the identified risk.

Risk Owners

- 7.4 Each risk identified on the Risk Register has a corresponding Risk Owner. This is the Officer who can ensure effective action is taken to tackle that risk. The Risk Owner is responsible for checking the quality of data recorded on Covalent. They will oversee the controls already in place and will review the proposed contingencies and develop additional actions as required.

Risk Management Champions

- 7.5 The Head of Finance, Performance and Asset Management and the Executive Member for Finance & IT jointly champion and facilitate risk management awareness and improvement at senior management and Member level and the embedding of risk management throughout the Council. The Member Champion is responsible for presenting the annual risk management report to Council.

Head of Finance, Performance and Asset Management

- 7.6 The Head of Finance, Performance and Asset Management ensures the implementation of the Risk & Opportunities Management Strategy on behalf of the Council. The Head of Finance, Performance and Asset Management and members of the team:
- Analyse issues and offer options and advice.
 - Support decision-making and policy formulation.
 - Provide support in the risk identification and analysis process.
 - Provide support in prioritising risk mitigation action.
 - Provide advice and support in determining risk treatments.

Shared Internal Audit Service (SIAS)

- 7.7 SIAS has an integrated role in the Risk & Opportunities Management Strategy. It aims to focus audits on areas of risk and provide an independent opinion on the Council's Risk & Opportunities Management Strategy.

Risk Management Group

7.8 The objective of the Risk Management Group is to oversee the Risk & Opportunities Management Strategy. It adds value to the risk management process by:

- Advising and supporting the SMT on risk strategies.
- Identifying areas of overlapping risk.
- Driving new risk management initiatives.
- Communicating risk management and sharing good practice.
- Providing and reviewing risk management training.
- Regularly reviewing the risks recorded on Covalent.
- Coordinating the results for risk reporting.

Senior Management Team

7.9 SMT takes a leading role in identifying and managing the risks and opportunities facing the Council. SMT agrees the Risk & Opportunities Management Strategy and it is responsible for identifying and assessing the Corporate Risks. SMT has direct responsibility for managing the Corporate Risks and it oversees reports to Members on risk management.

Finance, Audit and Risk Committee

7.10 The Finance, Audit and Risk Committee oversees the effective management of risk by the Council by receiving and considering the Corporate Risks and risk management reports. Any changes to the Corporate Risks are referred to Cabinet. The Chairman provides an assurance on the risk management framework in the Annual Governance Statement.

7.11 The Finance, Audit and Risk Committee provides assurances on the Annual Governance Statement and recommends its signature to the Leader of the Council and Chief Executive.

Cabinet

7.12 Cabinet is responsible for ensuring the Corporate Risks facing North Hertfordshire District Council are managed. This may be through relevant interaction with Executive Members and Service Directors/Heads of Service. The Corporate Risks are referred to Cabinet by the Finance, Audit and Risk Committee and additional resources might be required to manage the risks effectively.

7.13 Cabinet also oversees the effective management of risks by Officers through Executive Members liaising with Senior Officers and gets involved in the identification of high level, strategic risks when necessary.

7.14 Cabinet approves the Risk & Opportunities Management Strategy and the Risk & Opportunities Management Policy Statement.

Full Council

7.15 Full Council receives an annual report on risk management. All Members should have regard to risk management implications in their decision-making.

Lead Officers

7.16 Lead Officers are identified on the Corporate Risks facing the Council. Their role is to act as Project Manager for the Corporate Risk nominated to them. The Corporate Risks are the responsibility of the Senior Management Team to manage and for the Cabinet (via Executive Members) to provide a strategic input and direction.

Lead Members

- 7.17 Lead Members are identified for the Corporate Risks facing the Council and are normally the relevant Executive Member. Their role is to oversee the management of the Corporate Risk nominated to them.

Contractors/Partners

- 7.18 Contractors and partners are included in the Risk & Opportunities Management Strategy for NHDC. The risk appetite for both contractors and partners should be considered prior to engaging into contracts or partnerships. Ideally, a joint Risk Register should be in place for significant contracts and partnerships. In order to achieve the Council's objectives, Client Officers/Relationship Managers should implement an ongoing review of risks jointly with appropriate contractors and partners. Further guidance on risks within Contract Management is provided on the intranet at <http://intranet.north-herts.gov.uk/home/finance-and-procurement/procurement/contract-management> Contractors and partners should be able to demonstrate that they have resilient business continuity plans in place.

8 TIMETABLE FOR 2017/20

8.1 The Council has an embedded risk management process as outlined in this Strategy.

8.2 The following timetable outlines the key risk management activities for 2017/20:

Task	By Date	Responsible Parties
Formal review of risks by Service Managers	Once a year or more frequently if necessary	Service Managers
Corporate Business Planning – consideration of resources to mitigate risks and the financial risks that may impact on General Fund balances	November to February	Service Directors/Heads of Service, Service Managers
Risk management reports on the review of the Corporate Risks to Senior Management Team	November February May August	Head of FPAM, Risk Management Group
Risk management reports on the review of the Corporate Risks to the Finance, Audit and Risk Committee	December March June September	Head of FPAM, Risk Management Group
Annual risk management report to Full Council	June	Executive Member for Finance & IT (Member Champion)
Risk management training for Officers	As required (e.g. new starter)	Head of FPAM, Performance & Risk Officer
Programme of review of risk entries on Pentana Performance with Managers	March	Performance & Risk Officer
Review Risk Management Group Terms of Reference	November	Risk Management Group
Review Risk & Opportunities Management Strategy	November	Risk Management Group
Update Strategy on intranet and put message on Message Board	December	Head of FPAM
Prepare Assurance Statements	February	Service Directors/Heads of Service, Chairman of FAR Committee
Prepare Annual Governance Statement	April	Senior Management Team

RISK & OPPORTUNITIES MANAGEMENT POLICY STATEMENT

The purpose of North Hertfordshire District Council's Risk & Opportunities Management Strategy is to provide a framework to define how risks and opportunities are handled within the Council. It provides information on roles and responsibilities and processes and procedures. It sets the context in which risks and opportunities are managed, and how they will be identified, assessed, managed and reviewed.

In order to reflect the fact that the Council sometimes has to take risks in order to evolve and achieve its objectives, the definition of risk is, "Something that may have an impact on the achievement of our objectives. This could be an opportunity as well as a threat."

In the longer term, the Council is working with its strategic partners to deliver the long-term vision of, "Making North Hertfordshire a vibrant place to live, work and prosper."

When reviewing its work programme, the Council may attach higher priority to delivering achievements against the Corporate Objectives. These are currently:

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

The actions the Council will undertake to deliver these objectives are reviewed and laid out each year in our Corporate Plan. The risks to delivering projects to support these objectives, as well as to service delivery, are managed appropriately.

The Council's risk management objectives are to:

- Ensure that the Council is risk aware and not overly risk averse.
- Manage risk in accordance with best practice.
- Identify corporate and operational risks.
- Assess the risks for likelihood and impact.
- Identify mitigating controls.
- Allocate responsibility for the mitigating controls.
- Embed risk management in its corporate business processes including strategic planning, corporate business planning, policy making and review, performance management and key partnerships.



By managing risk, the Council will be in a better position to:

- Explore ways to generate additional income to protect and enhance the facilities, services and environment that we already have.
- Encourage an environment in which businesses and people can flourish.
- Use resources such as people, knowledge, investments and land and buildings to make changes to services and service delivery.

These objectives will be achieved by:

- Considering opportunities as well as risks.
- An annual review of risk management processes, ensuring that they reflect latest best practice and professional guidance on the management of risk.
- Using the performance and risk management software as a means to identify, assess and record mitigating actions to be taken to manage risks to ensure delivery of opportunities.
- The provision of training and support on risk management across the Council.

David Scholes
Chief Executive

Cllr Mrs L Needham
Leader of the Council

Date of Signature _____

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David Scholes
Chief Executive

Cllr Mrs L Needham
Leader of the Council

Date of Signature _____

FINANCE, AUDIT & RISK COMMITTEE 18 DECEMBER 2017

*PART 1 – PUBLIC DOCUMENT	AGENDA ITEM No. <div style="font-size: 2em; font-weight: bold; text-align: center;">8</div>
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The following is the report to be considered by the Cabinet at its meeting to be held on 21 November 2017. The Committee is invited to comment on the report.

TITLE OF REPORT: DRAFT BUDGET 2018/2019

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 To consider the draft budget for 2018/19 and the main factors which contribute to the determination of the North Hertfordshire District Council (NHDC) Council Tax level. To recommend the appropriate level of Council Tax to the meeting of the Council on the 8 February 2018.
- 1.2 To consider the key factors, both of known and unknown amount, which could impact on NHDC finances within the period of the medium term financial strategy (2018-23).

2. RECOMMENDATIONS

- 2.1 That Cabinet notes the expected Central Government funding levels, but that New Homes Bonus could be significantly affected by changes to the way that it is calculated.
- 2.2 That Cabinet notes the estimated position on the Collection Fund and how this will be funded.
- 2.3 That Cabinet provides a view on the appropriate level of Council Tax for 2018/19.
- 2.4 That Cabinet notes the position relating to the General Fund balance and that due to the risks identified a minimum balance of £1.76 million is recommended.
- 2.5 That Cabinet comments on the proposal that any revenue savings arising from the capitalisation of waste vehicle costs are transferred to a specific reserve.
- 2.6 That Cabinet notes and comments on the inclusion of the savings and investment proposals in the draft budget.
- 2.7 That Cabinet notes and comments on the inclusion of the capital investment proposals.
- 2.8 That Cabinet comments on the proposal that Council's efficiency plan is not updated.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To ensure that all relevant factors are taken into consideration when arriving at the proposed Council Tax precept for 2018/19.
- 3.2 To ensure that the Cabinet recommends a balanced budget to Council on 8 February 2018.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 During the Autumn, Political Groups were asked for savings ideas that they wanted Officers to investigate further. These have been combined with ideas generated by Officers. The total value of the ideas presented is less than the funding gap that needs to be met over 4 years. This means that currently there are not any alternative options available.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 All Councillors were given opportunity to comment on the efficiency and investment proposals at the Budget Workshops.
- 5.2 The Cabinet will consult on the proposals in this report with the Business Rate Payers Group in January 2018. This is the only statutory consultation that is required.
- 5.3 If any savings that have an impact on a specific area (or areas) will be referred to that Area Committee(s) during January. This is not considered to be the case for any savings included within the proposals.

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 The Medium Term Financial Strategy (MTFS), which provides the financial background to the Corporate Business Planning process for 2018-2023, was adopted by Full Council on the 31 August 2017 following recommendation by Cabinet.
- 7.2 The MTFS included a number of assumptions, which will be updated as better information becomes available. The final budget will still contain some assumptions, and this is why monitoring reports are provided to Cabinet on a quarterly basis.
- 7.3 In anticipation of the decline in future funding, NHDC has increased the level of general fund reserves. This allows for some cushioning in the delivery of savings.
- 7.4 Significant savings have been delivered in recent years, over £6 million since 2011/12. This means that the opportunity for savings from reducing resources and staffing levels is getting more limited. Instead the focus is now on service transformation, joint working, making best use of capital assets and justifying delivery of services above statutory levels.
- 7.5 NHDC's funding is split between revenue (i.e. the day-to-day running costs) and capital (i.e. creating and improving assets). The general rule is that capital funding can not be

used for revenue expenditure. However in the 2015 Spending Review, the Chancellor announced the “flexible use of Capital Receipts direction”. Subject to certain conditions this allows Local Authorities to use Capital Receipts to fund the revenue costs of reform projects.

8. RELEVANT CONSIDERATIONS

8.1 Central Government funding

8.1.1 On the 22 November 2017, the Chancellor made his Budget Statement. This Budget Statement, which has now moved to November, replaces the previous Autumn Statement. The Budget included an update on the current state of public finances and the latest economic forecasts. None of the announcements had a significant specific impact on NHDC funding.

8.1.2 The current estimates of non-specific Central Government funding are detailed in table 1 below. The totals are the same as the forecasts included in the August report to Council.

Table 1: Estimated Central Government Funding (All amounts in £ millions)

2017/18		2018/19	2019/20	2020/21	2021/22
0	Revenue Support Grant	0	(1,070)	(1,125)	(1,159)
140	Transitional Funding	0	0	0	0
2,557	Business Rates Baseline (share income less tariff)	2,628	2,721	2,803	2,887
2,697	Funding Assessment	2,628	1,651	1,678	1,728
1,992	New Homes Bonus	1,265	1,119	1,252	1,252
4,689	Total non-specific funding	3,893	2,770	2,930	2,980
	Change on previous year	(796)	(1,123)	160	50

8.1.3 The Provisional Local Government Finance Settlement is expected to be announced during week commencing 11th December. It is expected that this will include the following:

- An announcement on those Authorities that have been successful in applying to form a Business Rates pilot. As highlighted in the report to Cabinet on 26th September 2017, this could lead to significant one-off gains for the Council. However there is an expectation that a proportion of any gains are used to fund investments in growth. The proportion that is used to support the General Fund will be one-off only and so therefore does not have a significant impact on the medium term financial planning of the Council.
- Last year there were changes to the way that New Homes Bonus was provided, resulting in a reduction in funding that the Council would receive. Part of this was the introduction of a dead-weight, where only housing growth above a certain level would receive any funding. The Department for Communities and Local Government (DCLG) are able to make changes to this dead-weight level. If the percentage is increased the amount of funding that the Council receives will drop further. There has also been a consultation this year on other ways that the scheme could change (e.g. not rewarding Councils for housing increases that are only granted on appeal).

8.1.4 Cabinet is asked in Recommendation 2.1 to note the expected Central Government funding levels, but that New Homes Bonus could be affected by further changes to the way that it is calculated.

8.1.5 NHDC also receives grants for specific purposes. These grants are built in to service budgets and have therefore already been taken in to account when determining spend forecasts, so can not be used towards funding the base budget. However, as detailed in table 2 below, some of the amounts are uncertain. Therefore any reductions in the amounts received are likely to create a spending pressure that would need to be met from general base budget funding.

Table 2: Forecasts in relation to Specific Government Grants

	2017/18 amount expected £'000	Expectation for 2018/19
Housing Benefit Subsidy	33,361	Initial Estimate will be available late January 2018, so current budget level in 2018/19 will be based on the 2017/18 mid year estimate - £33,361k
Discretionary Housing Payments	283	Not expecting announcement until January 2018, however expectations are that the grant level will be similar to 2017/18 so £283k.
Benefits Administration and Fraud Initiative	513	The announcement for the grants will be made in December. However expectation is that there will be at least a 5% reduction in both, plus an additional adjustment for universal credit. Assume 5% reduction on 17/18 grant = £487k
Section 31 Grants to reimburse the impact of Business Rate reliefs and caps.	810	The amount received in 2018/19 will depend on the changes announced in the budget in November 2018. However expectation is that the level of grant will be similar to 2017/18. A second discretionary scheme has been set up to help mitigate the effects on businesses from the 2017 revaluation. The Council will receive £77,500 in S31 grant in 2018/19 for this scheme.
Waste minimisation – HCC contribution via the Alternate Financial Model.	391	While the total funding 'pot' is planned to reduce the actual AFM funding received depends on the annual recycling performance of NHDC relative to the corresponding performance of the other Hertfordshire waste collection authorities.
NNDR Administration Grant	184	Will not know the cost of collection until the NNDR1 is completed in January 2018. Assume similar level to 2017/18 of £180k.
Flexible homelessness support grant	124	Allocation of £141k
Syrian refugee resettlement grant	125	Estimated to be £125k based on North Herts quota of 10 families per year. There is a set allocation per family member.

	2017/18 amount expected £'000	Expectation for 2018/19
Homelessness Reduction Act - New Burdens Funding.	35	Allocation of £32k in 2018/19 (£37k in 2019/20)
Total Revenue Grants	35,826	

8.2 Council Tax and Business Rates

- 8.2.1 NHDC is required to maintain a Collection Fund to account for the income received and costs of collection for Council Tax and Business Rates. Estimates of the net income are made at the start of the year and based on this money is transferred out of the Collection fund to the NHDC General Fund and other precepting bodies. The Fund is required to break even over time and any surplus or deficit is transferred to the NHDC General Fund and other precepting bodies.
- 8.2.2 The total amount of Council Tax that is collected is dependent on the actual number of properties, eligibility for paying a reduced amount (Council Tax Reduction Scheme) and the success in collecting what is owed. The amount of Business Rates that are collected is dependent on the number and type of business premises in the area, the success in collecting what is owed, eligibility for relief and the number and value of successful appeals. Assumptions on these factors are made in forecasting the level of income from Council Tax and Business Rates in future years.
- 8.2.3 Current forecasts are that the Business Rates collection fund will have a deficit at the end of the year. This is due to the level of appeals and rate reliefs. NHDC will need to fund its share of the deficit. The section 31 grant that NHDC receives for business rate reliefs and caps will be used for this purpose (see table 2). It is expected that the Council Tax collection fund will have a small surplus.
- 8.2.4 **Cabinet is asked in recommendation 2.2 to note the estimated position on the Collection Fund and how this will be funded.**
- 8.2.5 Local Authorities are still able to raise Council Tax by the greater of 2% or £5 (band D equivalent) without the need for a local referendum. The Medium Term Financial Strategy (agreed by Council in August) proposed that the Council should increase Council Tax by as much as it is allowed to without triggering a referendum. Therefore a £5 increase is used to forecast future Council Tax income. Table 3 shows the level of Council Tax by year and the forecast level of income to the Council. Cabinet can recommend either a lower or higher rate of Council Tax increase to Full Council. Given the funding forecasts for the Council, a lower increase would require further savings to be delivered. A higher increase would require a local referendum. The growth in Council Tax Base is currently based on 1% growth per year, a more accurate estimate for 2018/19 will be provided in the report to Cabinet in January 2018.

Table 3: Forecasts of Council Tax level and income

2017/18		2018/19	2019/20	2020/21	2021/22
216.96	Band D Council Tax (£), increasing at £5 per year	221.96	226.96	231.96	236.96
	Increase as a %	2.3%	2.3%	2.2%	2.2%
48,649	Estimated Council Tax Base	49,135	49,627	50,123	50,624
	Increase as a %	1%	1%	1%	1%
10.555	Council Tax income to NHDC (£m)	10.906	11.263	11.626	11.996

- 8.2.6 It should be noted that this only represents the District Council element of the Council Tax bill for households. Table 4 below shows the constituent elements of the 2017/18 Council Tax bill for a Band D property (excluding any Parish precept).

Table 4: Band D Council Tax 2017/18 (excluding Parish precepts)

	2017/18	Share of bill
	£	
District	216.96	13%
County Council	1,187.41	74%
County Council-Social Care Precept	58.42	4%
Police and Crime Commissioner	152.00	9%
Total	1,614.79	

- 8.2.7 **Cabinet is asked in recommendation 2.3 to provide a view on the appropriate level of Council Tax for 2018/19.**

8.3 Balances and Reserves

- 8.3.1 Before setting the budget, it is necessary to review the position of balances and reserves. This determines the extent to which the current budget can be supported by the use of reserves, or requires a budget to be set that includes an allowance for increasing reserves. In addition to the General Fund balance, NHDC has specific reserves and provisions. Specific reserves are amounts that are set aside for a determined purpose. This purpose can arise from a choice made by the Council, or where it is felt that there is an obligation. Provisions are where there is a requirement on the Council to meet future expenditure, and a reasonable estimate can be made of the amount and timing. In determining the risks that may need to be met from the General Fund, it is important to know which risks will already be covered by amounts that are set aside as a specific reserve or provision.

- 8.3.2 A full list of specific reserves and forecast balances is shown in table 5.

Table 5: Specific Reserves

	Balance at 1 April 2017 £000	Forecast balance at 31 March 2018 £000
Cemetery Mausoleum	129	129
Children's Services	8	8
Climate Change Grant	30	30
Community Development	1	0
Community Right to Bid	45	45

	Balance at 1 April 2017 £000	Forecast balance at 31 March 2018 £000
DCLG Grants	489	519
DWP Additional Grants	3	113
Environmental Warranty Reserve	209	209
Growth Area Fund	53	53
Homelessness	42	33
Housing Planning Delivery Reserve	368	366
Information Technology Reserve	82	82
Insurance Reserve	32	34
Leisure Management Reserve	89	89
Local Authority Mortgage Scheme	107	0
Museum Exhibits Reserve	13	13
Neighbourhood Plan Reserve	21	21
Office Move IT Works	7	7
Paintings Conservation	11	11
Personal Search Fees	161	159
Property Maintenance	67	77
Syrian Refugee Project	19	19
S106 Monitoring	68	52
Special Reserve	1,720	1,720
Street Furniture	10	14
Street Name Plates	38	17
Taxi Licences Reserve	13	13
Town Centre Maintenance	39	47
Town Wide Review	222	256
Waste Reserve	513	528
Total Specific Reserves	4,609	4,664

8.3.3 As at the 31 March 2017 there was a total of £966k held as provisions. These comprised of:

- Business Rates appeals- the NHDC share of outstanding business rates appeals. This makes up £928k of the total.
- Insurance- covers the uninsured aspect of outstanding insurance claims

8.3.4 NHDC operates with a reserve balance for General Fund activities in order to provide a cushion against unexpected increases in costs, reductions in revenues and expenditure requirements. Guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) suggests that the revenue balances should be set at no less than 5% of net revenue expenditure, having taken account of the risks faced by the Authority in any particular year. As net expenditure is anticipated to be around £14.6 million, this means a minimum balance of about £730k. The minimum figure represents the cushion against totally unforeseen items. When setting the level of balances for any particular year, known risks which are not being budgeted for should be added to this figure, according to risk likelihood.

8.3.5 An assessment of the risks has been compiled for the coming year based on risks identified by each Head of Service/ Corporate Manager and cross-referenced to the risk register. The identified areas are where the financial impact is not wholly known, but an estimate can be made. The amount allocated is based on the forecast likelihood of occurrence. Where there is a high likelihood, 50% of the estimated financial impact is allowed for. For medium likelihood, it is 25%. For low likelihood, it is 0%. Table 6 summarises the risks, the forecast impact and the risk allowance to be made.

Table 6: Budget risks 2017/18

Category	Number of risks	Forecast value of impact £000	Risk Allowance £000
High	10	990	495
Medium	26	2,135	534
Low	21	3,099	0
Total	57	6,224	1,029

8.3.6 Combining the risk allowance for specific risks and unknown risks means that a General Fund balance of at least £1.76 million should be maintained.

8.3.7 Cabinet is asked in recommendation 2.4 to note the position relating to the General Fund balance and that due to the risks identified a minimum balance of £1.76 million is recommended.

8.4 Savings and Investment Proposals

8.4.1 The Medium Term Financial Strategy highlighted the need to find at least 4.2 million of savings within 4 years. Furthermore, with the expected phasing of these savings, there would be a need to use £3.8 million of reserves.

8.4.2 Budget proposals were put forward for discussion at Group workshops in November. To give the full context, these proposals included both savings and investment proposals. The comments made by the Groups are included as appendix D.

8.4.3 Updates since the workshop are as follows:

- The structure of the shared waste client team has been finalised, resulting in additional forecast savings for the Council of **£60k** in 2018/19 (and **£120k** from 2019/20 onwards).
- The waste lot 2 contract (materials processing) has not yet been awarded, so the expected financial impact can not yet be fully determined. This was shown as 'tbc' in the information presented to the budget workshops.
- It is likely that an element of the waste contract should be treated as a capital cost. This relates to the Councils making substantial use of the vehicles that are embedded within the contract. Under accounting regulations there is a requirement for these costs to be capitalised, which means that they are funded from capital expenditure and there is therefore a corresponding decrease in revenue spend. Given the forecast shortage of capital funds in the future it is proposed that these savings are transferred to a specific reserve. This reserve can then be used to fund the purchase of vehicles when they next need to be replaced. This is expected to be in 7 years when these vehicles reach the end of their useful life. The information presented to budget workshops did not assume any revenue savings in respect of this.

8.4.4 Cabinet is asked at recommendation 2.5 to comment on the proposal that any revenue savings arising from the capitalisation of waste vehicle costs are transferred to a specific reserve.

- 8.4.5 The net total of all the savings and investments identified is shown in table 7 below. If any savings are rejected then this will add to the remaining savings that need to be identified.

**Table 7: Savings and investments presented against target
(All amounts in £000)**

	2017/18	2018/19	2019/20	2020/21	Total
Target minimum savings	1,791	691	919	750	4,151
Less: Investment budget assumed within MTFS	-150	-150	-150	-150	
Add: Investments reported to Budget Workshops (and estimated from 2018/19)	147	150	150	150	
Less: Savings reported to Budget Workshops (previously agreed)	-378	45	-152	0	-485
Less: Savings reported to Budget Workshops (new)	-2,288	-493	-61	-50	-2,892
Less: Shared Waste client team savings	-60	-60	0	0	-120
Remaining Savings to be identified (positive total means more savings need to be found)	-938	183	706	700	651
Cumulative remaining Savings to be identified (positive total means more savings need to be found)	-938	-755	-49	651	

- 8.4.6 An application was made at the end of 2016/17 to the Department for Communities and Local Government (DCLG) for the capitalisation of a lump sum payment to the pension fund. This request was not granted and therefore the table above does not include the revenue savings that could result from this.

8.4.7 Cabinet is asked at recommendation 2.6 to note and comment on the inclusion of the savings and investment proposals in the draft budget.

8.5 Capital programme and funding

- 8.5.1 This version of the budget does not include the full capital programme.
- 8.5.2 The Budget proposals that were put forward for discussion at Group workshops in November also included the full proposed capital programme for 2018/19 onwards. The comments made by the Groups are included as appendix E.
- 8.5.3 As referenced in paragraph 7.5, there are generally separate funding sources for Revenue and Capital. Where possible, external funding sources are sought for capital projects (e.g. developer contributions and grants), but the majority of the capital programme is funded from capital reserves. These reserves are made up of set-aside and capital receipts, and totalled £19.86 million at the start of 2017/18. Set-aside receipts are the amounts that NHDC received from the stock transfer of housing to North Herts Homes. Capital receipts are amounts that NHDC receive when it sells surplus assets. By the end of 2017/18 it is expected that total capital reserves will fall to around £7 million. Based on the proposed capital programme, the Council will be reliant on generating further capital receipts from the sale of surplus land.

8.5.4 Cabinet is asked at recommendation 2.7 to note and comment on the inclusion of the capital investment proposals.

8.6 Efficiency/ Sustainability plan

8.6.1 The Council submitted an efficiency plan to the DCLG in autumn 2016. This provided some additional certainty over Central Government funding (excluding New Homes Bonus) for the period up to 2019/20. The plan incorporated the Corporate Plan and Medium Term Financial Strategy at the time. It is proposed that this plan is not updated for the following reasons:

- There is no requirement from the DCLG to submit an updated plan.
- The period of certainty over grant funding has not been extended.
- There have not been any significant changes to the Corporate Plan or Medium Term Financial Strategy.

8.6.2 Cabinet is asked at recommendation 2.8 to comment on the proposal that the Council's efficiency plan is not updated.

8.7 Overall summary

8.7.1 Appendix A provides a summary of the forecast General Fund impact of the factors referenced in the previous sections of this report.

9. LEGAL IMPLICATIONS

9.1 The Cabinet has a responsibility to keep under review the budget of NHDC and any other matter having substantial implications for the financial resources of NHDC.

9.2 Cabinet's terms of reference include recommending to Council the annual budget, including the capital and revenue budgets and the level of council tax and the council tax base. Council's terms of reference include approving or adopting the budget.

9.3 Members are reminded of the duty to set a balanced budget and to maintain a prudent general fund and reserve balances.

10. FINANCIAL IMPLICATIONS

10.1 As outlined in the body of the report.

11. RISK IMPLICATIONS

11.1 As outlined in the body of the report.

11.2 There are significant uncertainties and risks with regard to the funding of NHDC over the medium term. In particular in relation to the expected changes to how the New Homes Bonus Scheme operates. More detail may be available prior to finalising the budget in early 2018.

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 proposals for efficiencies within this report do not unduly disadvantage one individual group within our local community more than another, although proposals relating to the staff, their terms and conditions or future employment will need to be subject to individual equality analysis in due course, as for any organisational or service restructure.

12.4 For any individual proposal comprising either £50k growth or efficiency, or affecting more than two wards, an equality analysis is required to be carried out; this has either taken place or will take place following agreement of efficiencies or growth.

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 A number of efficiency proposals will directly affect staff. It is important that all affected staff are consulted at the earliest opportunity and council policies and procedures are followed.

15. APPENDICES

15.1 Appendix A – Budget Summary 2018/19 – 2021/22.
Appendix B – Revenue Efficiencies and Investment proposals.
Appendix C – Capital Investment proposals.
Appendix D – Notes of November Member Workshops (Revenue Efficiencies and Investments).
Appendix E – Notes of November Member Workshops (Capital Programme).

16. CONTACT OFFICERS

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17. BACKGROUND PAPERS

17.1 Medium Term Financial Strategy 2018-23.

17.2 Sustainability Plan <http://www.north-herts.gov.uk/home/council-performance-and-data/budgets-and-spending/sustainability-plan-2016-20>

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Appendix A- General Fund Estimates for 2018/19 to 2021/22

All amounts £000	2018/19	2019/20	2020/21	2021/22
Net expenditure brought forward	16,354	14,498	14,503	14,593
Savings previously identified (excluding Waste savings)	-378	-9	-98	0
New savings proposals	-2,348	-553	-61	-50
Adjustments reported after 2017/18 budget	-28	-93	-71	-2
Pay inflation and increments	483	375	250	250
Contractual inflation	309	420	430	430
Income inflation	-175	-285	-260	-274
Pension scheme contribution increases	134	0	0	0
Investment budget	147	150	150	150
Further savings tbc	0	0	-250	-250
Total net expenditure (excluding Housing Benefit subsidy)	14,498	14,503	14,593	14,846
Council Tax	-10,906	-11,263	-11,627	-11,996
Revenue Support Grant	0	1,070	1,125	1,159
Business Rates- including tariff adjustment	-2,628	-2,721	-2,803	-2,887
New Homes Bonus	-1,265	-1,119	-1,252	-1,252
Other	39	24	24	24
Net funding position (use of reserves)	-262	493	60	-106
General Fund b/f	6,210	6,472	5,979	5,919
General Fund c/f	6,472	5,979	5,919	6,025

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			Efficiency				Corresponding Investment Required					
Ref No	Service	Description of Proposal		2018/19	2019/20	2020/21	2021/22		2018/19	2019/20	2020/21	2021/22
				£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
E1	Rev and Bens - admin	Restructure of Revenues team. The use of technology means that the service can absorb these changes with no impact on service delivery.	Expenditure reduction	- 55	- 61	- 67	- 67	Capital	-	-	-	-
			Additional Income	-	-	-	-	Revenue	-	-	-	-
			Total	- 55	- 61	- 67	- 67	Total	-	-	-	-
E2	Housing and Public Protection	Cessation of summertime out of hours services dealing with noise nuisances arising from housing/car alarms, parties, and licensed premises. The service currently operates in the months April to September between the hours 8pm and 3am.	Expenditure reduction	- 4	- 4	- 4	- 4	Capital	-	-	-	-
			Additional Income	-	-	-	-	Revenue	-	-	-	-
			Total	- 4	- 4	- 4	- 4	Total	-	-	-	-
E3	Housing and Public Protection	Introduction of Fixed Penalty Notices (FPNs) in connection with fly-tipping offences. Legislation permits the Council to use FPNs as an alternative means of dealing with fly-tipping offences. Unlike fines imposed by the courts, the income arising from these FPNs can be retained by the Council. It is proposed that FPNs be used; in connection with first time offenders; where the volume of waste deposited is relatively limited; where the waste is non-toxic; where the offender is not acting for personal or corporate financial gain.	Expenditure reduction	-	-	-	-	Capital	-	-	-	-
			Additional Income	- 1	- 1	- 1	- 1	Revenue	-	-	-	-
			Total	- 1	- 1	- 1	- 1	Total	-	-	-	-
E4	Housing and Public Protection	Introduction of a range of charges in connection with the local licensing function. Introduction of charges for: - Classification of films - Non-attendance of applicants to taxi testing appointments - Provision of pre-application advice	Expenditure reduction	-	-	-	-	Capital	-	-	-	-
			Additional Income	- 2	- 2	- 2	- 2	Revenue	-	-	-	-
			Total	- 2	- 2	- 2	- 2	Total	-	-	-	-
E5	Planning	Increase in planning activity and planning application income following the approval of the Local Plan. Additional income estimate is inclusive of the expectation of an increase in income from pre-application planning advice (£17k) and an increase in planning application discharge of conditions income (£5k).	Expenditure reduction	-	-	-	-	Capital	-	-	-	-
			Additional Income	- 72	- 72	- 72	- 72	Revenue	-	-	-	-
			Total	- 72	- 72	- 72	- 72	Total	-	-	-	-
E6	Planning	Increase in planning fees as a result of expected changes to legislation. Whilst this is an increase in income, the planning service is still a net cost to the Council and it is anticipated that meeting the need for enforcement and monitoring of the new sites in the Local Plan will require additional resource in the coming years.	Expenditure reduction	-	-	-	-	Capital	-	-	-	-
			Additional Income	- 140	- 140	- 140	- 140	Revenue	-	-	-	-
			Total	- 140	- 140	- 140	- 140	Total	-	-	-	-
E7	Green Space (Green Space Strategy & Grounds Maintenance)	Removal of the small scale grounds maintenance provision from the Parks & Countryside Development budget. Historically this revenue budget has been used for smaller green space improvement proposals. All planned improvements to green space were identified in the adopted 2017-2021 Green Space Strategy and are now included in the capital programme.	Expenditure reduction	- 30	- 30	- 30	- 30	Capital	-	-	-	-
			Additional Income	-	-	-	-	Revenue	-	-	-	-
			Total	- 30	- 30	- 30	- 30	Total	-	-	-	-
E8	Community Services	Reduction in repairs & maintenance budgets for community facilities following the change in management of Community Centres to full repairing lease arrangements. The management of the following centres has now transferred to community groups under full repairing leases; - Grange, Jackmans, Westmill, Burns Road, Grange Youth Centre The estimated efficiency value also assumes that leases will be signed for two further centres by April 2018; - Walsworth, St Michael's Mount	Expenditure reduction	- 26	- 26	- 26	- 26	Capital	-	-	-	-
			Additional Income	-	-	-	-	Revenue	-	-	-	-
			Total	- 26	- 26	- 26	- 26	Total	-	-	-	-
E9	Community Services	Cessation of Area Committee Grants with 70% of the budget (52k) transferred to a Member Grants Panel to oversee a district-wide revenue grant scheme. Efficiency value does not include any estimated saving from the reduced administration and officer support to Area Committees. Note the potential overlap with NHDC Lottery	Expenditure reduction	- 22	- 22	- 22	- 22	Capital	-	-	-	-
			Additional Income	-	-	-	-	Revenue	-	-	-	-
			Total	- 22	- 22	- 22	- 22	Total	-	-	-	-
E10	Finance, Performance & Asset Management	Reduction in the number of audit days delivered by the Shared Internal Audit Service. Proposed to reduce from current 400 days in 2017/18 to 360 days in 2018/19, 320 days in 2019/20 and 300 days from 2020/21 onwards. External Audit no longer place reliance on the work of Internal Audit in respect of key financial systems, hence the substantive testing element of this work is no longer required. The Council generally have good controls and therefore there is scope to reduce the time spent on service audits and still retain capacity to target any identified risk areas. The Audit Manager has advised that at 300 days, SIAS would still expect to be able to provide their annual assurance.	Expenditure reduction	- 10	- 20	- 25	- 25	Capital	-	-	-	-
			Additional Income	-	-	-	-	Revenue	-	-	-	-
			Total	- 10	- 20	- 25	- 25	Total	-	-	-	-
E11	Finance, Performance & Asset Management	Cease the provision of Christmas trees in town centres within the District.	Expenditure reduction	- 10	- 10	- 10	- 10	Capital	-	-	-	-
			Additional Income	-	-	-	-	Revenue	-	-	-	-
			Total	- 10	- 10	- 10	- 10	Total	-	-	-	-
E12	Finance, Performance & Asset Management	Replacement of existing Asset Management System. Procurement and installation of new Asset Management system will reduce existing annual licensing costs from £9k to £1k.	Expenditure reduction	- 8	- 8	- 8	- 8	Capital	-	-	-	-
			Additional Income	-	-	-	-	Revenue	-	-	-	-
			Total	- 8	- 8	- 8	- 8	Total	-	-	-	-

			Efficiency				Corresponding Investment Required					
Ref No	Service	Description of Proposal		2018/19	2019/20	2020/21	2021/22		2018/19	2019/20	2020/21	2021/22
				£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
E13	Various	Budget scrutiny savings: savings identified from the review of existing base budgets.	Expenditure reduction	- 30	- 30	- 30	- 30	Capital	-	-	-	-
			Additional Income	-	-	-	-	Revenue	-	-	-	-
			Total	- 30	- 30	- 30	- 30	Total	-	-	-	-
E14	Burials	Provision of a Crematorium at Wilbury Hills. Delivery of the crematorium and any revenue efficiency is dependent on a successful planning application. Following consultation, and subject to gaining Cabinet approval, an application for outline planning permission is anticipated to be submitted by the end of the calendar year. The estimated efficiency value is based on the proposed terms of the lease, with NHDC receiving an annual base rent of £10k (indexed annually by RPI) plus a percentage (up to a maximum of 10%) of the turnover generated from the Crematorium. The eligible percentage of turnover would be linked to the number of cremations that take place over a 12 month period.	Expenditure reduction	-	-	-	-	Capital	-	-	-	-
			Additional Income	-	-	- 50	- 100	Revenue	-	-	-	-
			Total	-	-	- 50	- 100	Total	-	-	-	-
E15	Finance, Performance & Asset Management	Centralisation of property repairs and maintenance budgets. Centralisation of these budgets will facilitate more effective planning and prioritisation of maintenance work.	Expenditure reduction	-	- 20	- 20	- 20	Capital	-	-	-	-
			Additional Income	-	-	-	-	Revenue	-	-	-	-
			Total	-	- 20	- 20	- 20	Total	-	-	-	-
E16	Corporate	The discontinuation of the NHDC Apprenticeship Scheme. The existing budget provision covers the annual salary costs of eight apprenticeship posts. The discontinuation of the scheme would not affect the requirement to pay the annual apprenticeship levy (estimated £45k for NHDC).	Expenditure reduction	-	- 156	- 156	- 156	Capital	-	-	-	-
			Additional Income	-	-	-	-	Revenue	-	-	-	-
			Total	-	- 156	- 156	- 156	Total	-	-	-	-
E17	Finance, Performance & Asset Management	In-house management of all treasury funds. The authority currently makes available for investment to a cash manager those funds over and above those required to meet the day to day cash commitments of the Council. In return the cash manager charges a fee for each investment placed equivalent to a set percentage of the interest returned. By managing all funds in-house, the Council would not incur these fees. Whilst it is expected that the budget provision required would reduce over time in any case, as cash balances reduce, this is not assumed in the future year budget estimates hence the efficiency value is the same in each year.	Expenditure reduction	- 18	- 18	- 18	- 18	Capital	-	-	-	-
			Additional Income	-	-	-	-	Revenue	-	-	-	-
			Total	- 18	- 18	- 18	- 18	Total	-	-	-	-
E18	Accountancy Services	Restructure of Accounts team. The increased level of automation in the preparation of budget estimates and financial statements, combined with the management decision to cease the processing of support service recharges in 2018/19, will help to reduce the pressure on the team's capacity going forward. The imminent roll-out of the upgrade to the financial system is also expected to further enhance efficiency in the undertaking of finance related activities.	Expenditure reduction	- 48	- 48	- 48	- 48	Capital	-	-	-	-
			Additional Income	-	-	-	-	Revenue	-	-	-	-
			Total	- 48	- 48	- 48	- 48	Total	-	-	-	-
E19	Waste Contract- Lot 1 award	Reduction in cost for waste collection and street cleansing arising from the retendering of the service. This is for a service that is broadly in line with the current service.	Expenditure reduction	-1,701	- 1,904	- 1,904	- 1,904	Capital	-	-	-	-
			Additional Income	-	-	-	-	Revenue	-	-	-	-
			Total	- 1,701	- 1,904	- 1,904	- 1,904	Total	-	-	-	-
E20	Waste Contract- Lot 2 award	Potential savings from retendering, which could include reductions in materials processing costs, transportation costs or materials income. There is also the potential for further savings from a change to separate glass collection (rather than paper).	Expenditure reduction	tbc	tbc	tbc	tbc	Capital	-	-	-	-
			Additional Income	-	-	-	-	Revenue	-	-	-	-
			Total	-	-	-	-	Total	-	-	-	-

			Efficiency				Corresponding Investment Required					
Ref No	Service	Description of Proposal		2018/19	2019/20	2020/21	2021/22		2018/19	2019/20	2020/21	2021/22
				£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
E21	Waste Contract- Garden Waste charging	The expected net impact of introducing garden waste charging, at £40 with a 26% take-up. Overall 26% of the residents that responded to the consultation said they would be likely to use a paid for garden waste service.	Expenditure reduction	-	-	-	-	Capital	-	-	-	-
			Additional Income	- 111	- 209	- 209	- 209	Revenue	-	-	-	-
			Total	- 111	- 209	- 209	- 209	Total	-	-	-	-
Total Net Budget Reduction			Total Expenditure reduction	- 1,962	- 2,357	- 2,368	- 2,368	Total Capital	-	-	-	-
			Total Additional Income	- 326	- 424	- 474	- 524	Total Revenue	-	-	-	-
			Total Efficiencies	- 2,288	- 2,781	- 2,842	- 2,892	Total Investment	-	-	-	-

Proposed Revenue Investments

Ref No	Service	Description of Proposal		Investment				Anticipated Impact of Proposal (on Public/ Customers/ Staff/ Members/ Reputation etc.)
				2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	
R1	ICT	Cyber Attacks - Event Monitoring Software Solution	Revenue Investment	6	6	6	6	This software solution is required to be in place for NHDC to retain its PSN Accreditation and all external links to the DWP and other government (.gov) websites.
R2	ICT	Cadcorp Local Knowledge & Notice Board Software Solution	Revenue Investment	1	1	1	1	To enhance the Council's channel migration programme, this software will enable current GIS Data to be extracted and populated into the NHDC Web Services so searches for My Councillor, Waste Collections, Listed Buildings, Planning Applications etc... can all be found in one place.
R3	Planning Services	Planning Resource Review	Revenue Investment	140	140	140	140	Review of resources required as the Local Plan progresses has identified that the budget provision for the Planning Service will need to increase and it is proposed that the anticipated 20% increase in fees is used to meet the additional costs.
			Total Revenue Investments	147	147	147	147	

Grand Total Net Revenue Impact (all above)	Total Net impact	- 2,141	- 2,634	- 2,695	- 2,745
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Efficiencies earmarked in 2018/19 (and/or beyond) resulting from previous decisions- excluding waste contract (superseded)

	Service	Description of Proposal		Efficiency				Corresponding Investment Required			
				2018/19	2019/20	2020/21	2021/22	2018/19	2019/20	2020/21	2021/22
				£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
PE7	Property Services	Floor Space in DCO Net savings of £20k are expected to be achieved by moving Careline from Harkness Court to the DCO. This also provides for potential further income in relation to renovating in to 2 flats and letting these through the Property Company. There will still be available office space to let out at the DCO, which as well as letting income could also provide parking and ancillary (e.g. IT) service income. There could also be income from room hire.	Expenditure reduction	-	-	-	-	Capital	-	-	-
			Additional Income	- 50	- 50	- 50	- 50	Revenue	-	-	-
			Total	- 50	- 50	- 50	- 50	Total	-	-	-
PE8	Democratic Services	Whole Council elections as opposed to the current arrangement of elections by thirds. Such a proposal cannot be implemented in a year where there are County Council elections. The existing budget has provision of £89k for a one third District Council (DC) election for those financial years where a DC election is scheduled to take place. Efficiency value assumes a whole district council election in May 2019, joining the majority of district councils conducting whole council elections in this year. The estimated £143,000 budget required for a standalone election would need to be reinstated for the year of the next election (2023/24) and every fourth year thereafter.	Expenditure reduction	-	-	- 89	- 89	Capital	-	-	-
			Additional Income	-	-	-	-	Revenue	-	54	-
			Total	-	-	- 89	- 89	Total	-	54	-
PE11	Green Space (Green Space Strategy & Grounds Maintenance)	Rationalisation of playgrounds following the Green Space Strategy Review and the adoption of the Green Space Strategy 2017-21. Play areas identified in the review as less used that are not transferred to a third party by March 2018 will have equipment removed and be managed as green space. The revenue expenditure reduction value is based on the transfer or removal of 13 of the existing 47 play areas. Annual cost saving achieved would be subject to negotiations with the contractor. Cost of decommissioning is expected to be funded from capital resource under the flexible use of capital receipts direction.	Expenditure reduction	- 29	- 29	- 29	- 29	Capital	130	-	-
			Additional Income	-	-	-	-	Revenue	-	-	-
			Total	- 29	- 29	- 29	- 29	Total	130	-	-

			Efficiency				Corresponding Investment Required					
Ref No	Service	Description of Proposal		2018/19	2019/20	2020/21	2021/22		2018/19	2019/20	2020/21	2021/22
				£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
PE12	Green Space (Green Space Strategy & Grounds Maintenance)	Rationalisation of football pavilions following the Green Space Strategy Review and the adoption of the Green Space Strategy 2017-21. Expenditure reduction value represents the reduction in maintenance costs based on the option to retain the football pavilions at Grange, Ransoms and Swinburn and to transfer the remaining four pavilions at Cadwell Lane, St Johns, Walsworth and Bakers Close. These four pavilions will be demolished and returned to green space if not transferred to a third party by March 2018. Further revenue efficiencies could be achieved if Section 106 capital money can be secured for a new Walsworth pavilion (only the Grange and Walsworth would then be retained). Cost of decommissioning is expected to be funded from capital resource under the flexible use of capital receipts direction.	Expenditure reduction	- 8	- 8	- 8	- 8	Capital	120	-	-	-
			Additional Income	-	-	-	-	Revenue	-	-	-	-
			Total	- 8	- 8	- 8	- 8	Total	120	-	-	-
PE13	Planning	Increase in planning activity and planning application income following the approval of the Local Plan, which is to be submitted in early 2017. Meeting the need for enforcement and monitoring of the new sites in the Local Plan may however require some additional staffing resource in the coming years. This will be kept under review.	Expenditure reduction	-	-	-	-	Capital	-	-	-	-
			Additional Income	- 50	- 50	- 50	- 50	Revenue	-	-	-	-
			Total	- 50	- 50	- 50	- 50	Total	-	-	-	-

			Efficiency				Corresponding Investment Required					
Ref No	Service	Description of Proposal		2018/19	2019/20	2020/21	2021/22		2018/19	2019/20	2020/21	2021/22
				£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
PE15	Corporate	Corporate restructure: annual staff salary cost saving from phase 2 of the restructure.	Expenditure reduction	- 200	- 200	- 200	- 200	Capital	-	-	-	-
			Additional Income	-	-	-	-	Revenue	-	-	-	-
			Total	- 200	- 200	- 200	- 200	Total	-	-	-	-
PE23	Finance, Performance & Asset Management	The launch of an NHDC Lottery. Efficiency values are based on activity generated by the Aylesbury Vale lottery and assume 60% of the value of the tickets sold at £1 can be directed to fund activities in the NHDC area. Revenue generated could therefore be used to fund area grant awards.	Expenditure reduction	-	-	-	-	Capital	-	-	-	-
			Additional Income	- 15	- 15	- 15	- 15	Revenue	-	-	-	-
			Total	- 15	- 15	- 15	- 15	Total	-	-	-	-
PE25	Policy & Community Services	Replace area committees with a more informal alternative. The amount of saving of the direct administration cost of supporting Area Committees could be in the region of £50k, but would be dependent on the format and frequency of any alternative.	Expenditure reduction	- 50	- 50	- 50	- 50	Capital	-	-	-	-
			Additional Income	-	-	-	-	Revenue	-	-	-	-
			Total	- 50	- 50	- 50	- 50	Total	-	-	-	-

			Efficiency				Corresponding Investment Required				
Ref No	Service	Description of Proposal	2018/19	2019/20	2020/21	2021/22	2018/19	2019/20	2020/21	2021/22	
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
PE26	Policy & Community Services	Cease MOU and contractual payments to identified Community Groups. Payments ceasing in 2017/18: Herts & Middlesex Wildlife Trust, Relate, Area Rape Crisis Line. Phased reduction in payments to Town Centre Partnerships: Royston (ceasing March 2018) and Baldock (ceasing March 2020) Reduction over a 3 year term from 2017/18 (ceasing March 2020): Hitchin British Schools Museum, North Herts Arts Council, Sports North Herts and Stevenage & North Herts Womens Resource Centre	Expenditure reduction	- 12	- 21	- 30	- 30	Capital	-	-	-
		Additional Income	-	-	-	-	Revenue	-	-	-	
		Total	- 12	- 21	- 30	- 30	Total	-	-	-	
PE29	IT	Provision of paperless reporting. Printing and delivery of meeting papers to Councillors and Senior Officers in 2015/16 cost 14K in paper, ink and secure delivery fees. Level of initial expenditure outlay in purchasing tablets (est. £350 per tablet inc. keyboard and data security software) and corresponding efficiency would be dependent on the level of take-up by Councillors. Additional charges are still to be established around the purchase and support and maintenance of the application system that will deliver this.	Expenditure reduction	- 14	- 14	- 14	- 14	Capital	-	-	-
			Additional Income	-	-	-	-	Revenue	tbc	tbc	tbc
			Total	- 14	- 14	- 14	- 14	Total	-	-	-
Total Net Budget Reduction			Total Expenditure reduction	- 313	- 322	- 420	- 420	Total Capital	250	-	-
			Total Additional Income	- 65	- 65	- 65	- 65	Total Revenue	-	54	-
			Total Efficiencies	- 378	- 387	- 485	- 485	Total Investment	250	54	-

CAPITAL INVESTMENT PROPOSALS

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					£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Projects and / or values highlighted in yellow indicate new proposals or proposed revision(s) to existing proposals. Revisions to existing proposals are clarified in the accompanying commentary.												
New proposals (or existing proposals with significant changes, greater than £100k)												
ECP12	Leisure Facilities	Head of Leisure & Environmental Services	Hitchin Swimming Pool Car Park extension	Attractive & Thriving	476	-	476	0	0	0	0	To provide a new car park at HSC. UPDATE CBP 2018/19: Proposed to increase the existing capital provision by an additional £250,000 as; the Council has had to spend money as part of the Section 38 approval and the legal cost of the land swap; the original construction cost estimates were prepared over five years ago and construction costs have since increased. The revised project budget has been estimated at a cost of £5,000 per parking space.
ECP40	IT	Head of Revenues & Benefits & IT & MSU	Microsoft Enterprise Agreement	Responsive & Efficient	650	-	0	200	0	450	0	NHDC entered into a 3 year Contract for the use of Microsoft Licences for which 2017/18 represents year 2 of 3. There is the option within the contract to extend by a further 2 years. It is essential NHDC has the correct Microsoft Licences to ensure we do not fall foul of F.A.S.T (Fraud Against Software Threat) regulations. UPDATE CBP 2018/19: £450k is requested to be earmarked for renewal of licences contract in 2021/22
NCP1	IT	Head of Revenues & Benefits & IT & MSU	Cadcorp Local Knowledge & Notice Board Software	Responsive & Efficient	14	-	14	0	0	0	1	This software collates current stored information from the current GIS software and presents it as a web page which can be tailored to display data such as Waste Collections, Recycling Collections (dates), your Councillor, Planning Applications, Listed Buildings etc. all in a single view via the NHDC Website. This software will benefit the public and officers alike when researching NHDC information.
NCP2	IT	Head of Revenues & Benefits & IT & MSU	Cyber Attacks - Events Monitoring Software Solution	Responsive & Efficient	30	-	30	0	0	0	6	For the past 6 years NHDC have been using a software solution called GFI Events Management for capturing and reporting potential cyber hacking threats. The contract is due for renewal in May 2018. It is an essential requirement of the PSN that the authority has an active solution in place.
NCP3	Leisure Facilities	Head of Leisure & Environmental Services	Letchworth Outdoor Pool safety surface	Attractive & Thriving	60	-	60	0	0	0	0	To remove and replace the existing safety surface at Letchworth Outdoor Pool as the current surface condition is in poor condition. Officers have investigated current market products and these are now more superior to what is currently in situ. The proposed surface will be the same product that was recently installed at Hitchin Outdoor Pool.
NCP4	Leisure Facilities	Head of Leisure & Environmental Services	Royston Leisure Centre extension	Attractive & Thriving	1,000	-	1,000	0	0	0	tbc	To extend the front of the Royston Leisure Centre. This will provide a new multi functional room and increase the size of the fitness room. The gym membership at Royston Leisure Centre is close to capacity and a recent latent demand survey demonstrated there is a demand to increase the size of this facility. By undertaking the capital work the Council will renegotiate the Leisure Management contract and SLL will increase their management fee to the Council. The revenue implication of the project is therefore subject to negotiation and agreement with SLL, but is estimated to involve an increase in the annual return to the General Fund in the range of £120k to £150k.
NCP5	Parks & Countryside Development	Head of Leisure & Environmental Services	Decommissioning of Play Areas	Responsive & Efficient	130	-	130	0	0	0	-29	The Councils adopted Green Space Management Strategy 2017-2021 seeks to asset transfer 13 of its less used play areas. Play areas that are not transferred to a third party by March 2018 will have equipment removed and be managed as green space. As this project does not involve enhancing an asset, any investment will ultimately be charged to the Council's General Fund but, as the scheme does deliver service change that leads to ongoing cost reductions, it therefore would be expected to meet the conditions for funding from capital resource under the flexible use of Capital Receipts direction.

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					£'000	£'000	£'000	£'000	£'000	£'000	£'000	
NCP6	Parks & Countryside Development	Head of Leisure & Environmental Services	Decommissioning of Pavilions	Responsive & Efficient	120	-	120	0	0	0	-8	The Councils adopted Green Space Management Strategy 2017-2021 seeks to asset transfer four pavilions identified as beyond economic repair at Bakers Close, Baldock. St. Johns Road, Cadwell Lane & Walsworth Common, Hitchin. If not transferred to a third party by March 2018 they will be decommissioned & returned to green space. As this project does not involve enhancing an asset, any investment will ultimately be charged to the Council's General Fund but, as the scheme does deliver service change that leads to ongoing cost reductions, it therefore would be expected to meet the conditions for funding from capital resource under the flexible use of Capital Receipts direction.
NCP7	Property Services/ Parking	Head of Finance, Performance and Asset Management/ Head of Leisure & Environmental Services	Refurbishment of lifts at Lairage Car Park	Attractive & Thriving	360	-	360	0	0	0	0	Estimated cost of the refurbishment of the four lifts. The work will be required to ensure that the lifts operate safely and reliably. This may not be required until 2019/20.
Sub-Total					2,840	-	2,190	200	-	450	-30	
Existing schemes (greater than £250k of Council funding)- in order of value (descending)												
Page 96	Estates	Head of Finance, Performance & Asset Mgmt	Provide housing at market rents.	Prosper & Protect	2,800	-	2,650	150	0	0	tbc	This project follows on from the revenue investment proposal that explores the feasibility. This is an "invest to earn" proposal to utilise NHDC capital and land to generate revenue income. Under this scheme, the land and properties would remain in NHDC ownership. Phase 1 (as dealt with by the revenue investment bid): form investment mechanism to own houses built for market rent. Phase 2: identify appropriate partnership model to achieve build and/or purchase. Phase 3: contract with a property management company. Phase 4: acquire/build properties. Phase 5 (beyond scope of this bid): identify other sites where this model could be applied. Planned investment in 2017/18 of £550k.
ECP11	Accountancy Services	Head of Finance, Performance & Asset Mgmt	Capitalised Pension Fund Contribution	Responsive & Efficient	2,500	-	2,500	0	0	0	tbc	Council seek a Capitalisation Direction to allow payment of a lump sum contribution of up to £2.5m to the Pension Fund. A similar contribution was made following the 2013 revaluation. Such a contribution benefits the Council in two ways. Firstly, it improves the funding position on the pension fund, so helping to keep future minimum revenue contribution rates down while the fund earns interest at rates higher than the Council can achieve on its set aside funds, and secondly, by reducing the deficit on the fund, it means that the amount of interest that has to be paid to the fund on that deficit is reduced.
ECP8	Estates	Head of Finance, Performance & Asset Mgmt	Refurbishment and improvement of community facilities	Responsive & Efficient	1,006	-	636	250	120	0	0	To provide a five year fund from 2016/17 towards the refurbishment and improvement of community facilities in both rural and urban areas of North Hertfordshire. £200k planned spend in 2017/18 means a total capital allocation of £1.206m
ECP10	Property Services	Head of Finance, Performance & Asset Mgmt	Council property improvements following condition surveys	Attractive & Thriving	560	-	560	0	0	0	0	Condition surveys have been carried out on a substantial number of the Authority's premises (substantially consists of Community Centres and Pavilions). This bid relates to 29 of those premises which are not currently subject to separate plans or review. The surveys have identified necessary works within priority bands required to ensure the continued use of the premises and to maintain premises in a reasonable condition. Enhancement works of this nature will reduce reliance on reactive maintenance repairs. The level of 'backlog' maintenance is also proposed as a national performance indicator by Central Government. An amount of £150k was approved to undertake the urgent works in 2014/15, based upon surveys carried out to date. In following years a full 5 year programme will be applied, based upon completed condition surveys or the whole estate. this is complementary to the Community Halls strategy (CHS), although covers a larger number of properties than those subject to CHS, i.e., it puts in place funds to allow works to be done that may assist in progressing that strategy (e.g. full repairing/partial repair leases).

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					£'000	£'000	£'000	£'000	£'000	£'000	£'000	
ECP1	Housing Services	Head of Housing & Public Protection	John Barker Place, Hitchin	Prosper & Protect	548	-	548	0	0	0	0	Cabinet agreed to the commitment to the John Barker Place regeneration scheme in January 2013, subject to the availability of funds. £548k planned spend in 2017/18, with £270k S106 funding expected in 2017/18.
Sub-Total					7,414	-	6,894	400	120	-	-	
Existing schemes that are all (or mostly) grant or externally funded (including s106)												
ECP3	Housing Services	Head of Housing & Public Protection	Disabled Facility Grants	Responsive & Efficient	2,980	2,864	745	745	745	745	0	DFGs are available to owner/occupiers and tenants towards the cost of providing adaptations and facilities to assist older people and people with disabilities. It enables them to remain independent within their own home. In February 2015 Council approved maintaining this level of funding for 2015/6 and beyond whilst a review on longer term options was undertaken. UPDATE 2018/19 CBP: Investment proposed to be extended to 2021/22. Total government grant expectation amended accordingly. 2017/18 total £716k
ECP15	Parks & Countryside Development	Head of Leisure & Environmental Services	Walsworth Common, Pitch Improvements	Attractive & Thriving	103	88	103	0	0	0	0	Listed as a project for 2016/17 in the Council's adopted Green Space Management Strategy 2014 - 2019. The recreation ground was constructed over a landfill site and settlement has resulted in a very uneven surface which requires to be levelled to allow for the construction of football pitches. This project has the support of the Football Foundation who may be able to provide grant funding. In addition now the Council's Green Space Strategy has been adopted requests will be made for Section 106 contributions and other grants.
ECP18	Parks & Countryside Development	Head of Leisure & Environmental Services	Bancroft Recreation Ground, Hitchin, Multi Use Games Area (MUGA)	Attractive & Thriving	170	146	170	0	0	0	0	At its meeting of the 16 December 2014 Cabinet resolved at item 13 - BANCROFT RECREATION GROUND, HITCHIN: (1) That a phased approach to deliver incremental affordable improvements to Bancroft Recreation Ground based on the principles outlined in the most recent version of the master plan set out in the report to Cabinet on 28 January 2014 be agreed, using Section 106 and other limited internal and external financial resources; A MUGA formed part of the agreed proposals. It is intended to apply to Sport England grant application for 50% of the construction cost.
ECP19	Planning Services	Head of Planning & Building Control	Green Infrastructure implementation (GAF)	Prosper & Protect	185	185	185	0	0	0	0	It is recommended that decisions on eligible capital projects are postponed until adoption of the Local Plan and any further strategies that may be recommended by the Inspector.
ECP20	Planning Services	Head of Planning & Building Control	Cycle Strategy implementation (GAF)	Prosper & Protect	278	278	278	0	0	0	0	The Local Plan transport strategy focuses on mode shift in line with HCC's strategic aims, as such foot and cycle ways are key to this strategy, including cross points on major roads and railways. It is acknowledged that s106 funding could be used, but it is anticipated that there will be an infrastructure funding gap relying on s106 alone. It is recommended that decisions on these capital projects are postponed until adoption of the Local Plan and any further strategies that may be recommended by the Inspector.
ECP21	Planning Services	Head of Planning & Building Control	Transport Plans implementation (GAF)	Prosper & Protect	250	250	250	0	0	0	0	
ECP22	Planning Services	Head of Planning & Building Control	Installation of trial on-street charging (GAF)	Attractive & Thriving	50	50	50	0	0	0	0	It is anticipated that this funding will be spent in line with the emerging parking strategy.

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					£'000	£'000	£'000	£'000	£'000	£'000	£'000	
ECP45	Parks & Countryside Development	Head of Leisure & Environmental Services	New changing rooms, Walsworth Common, Hitchin	Attractive & Thriving	300	287	0	0	300	0	0	This project was originally listed as a project for 2016/17 in the Council's adopted Green Space Management Strategy 2014 - 2019. The project was slipped into 2017/18 pending the outcome of the Green Space Strategy review. Following the review, this project is now earmarked for 2020/21 in the Council's adopted Green Space Management Strategy 2017 - 2021. The project is dependent on securing section 106 contributions and/or external grants. In the review, the pavilion was identified as being beyond economic repair.
Sub-Total					4,316	4,148	1,781	745	1,045	745	-	
Other schemes- in order of value (descending)												
ECP2	Housing Services	Head of Housing & Public Protection	Home Repair Assistance Grants	Responsive & Efficient	240	-	60	60	60	60		HRAGs are a discretionary form of assistance specifically designed to provide practical help through a grant for small-scale works. This grant provides cash limited assistance up to £5K within any three-year period, for minor works for owner / occupiers and private tenants who meet certain criteria. HRAGs are means tested and help to eradicate CAT1 Hazards, such as excess cold. In February 2015 Council approved an increase in the level of funding from £35k to £60k per annum for 2015/6 and future years. UPDATE 2018/19 CBP: Investment proposed to be extended to 2021/22
ECP17	Parking Services	Head of Planning & Building Control	Town Centre pay & display machines for on-street charging	Attractive & Thriving	235	-	235	0	0	0	tbc	The Council is currently reviewing its Parking Strategy, part of which includes the implementation of on-street charging. However, the method of payment is likely to be via smart phones rather than traditional pay and display machines. As such, it is anticipated that a proportion of this capital funding will not be required.
ECP13	Property Services	Head of Finance, Performance & Asset Mgmt	Lairage Multi-Storey Car Park - Structural wall repairs	Attractive & Thriving	120	-	120	0	0	0	0	Works to preserve this income generating asset in usable condition. Works necessary to protect surface following experience at Letchworth multi-storey.
ECP31	IT	Head of Revenues & Benefits & IT & MSU	Replacement SAN	Responsive & Efficient	110	-	0	110	0	0	0	The Storage Area Network (SAN) is used to compliment the data storage and backups across the infrastructure estate. These are a critical element of the data infrastructure network as they also move the data traffic around the servers. The authority replaced the current SAN in 2015/16 and the life of this hardware is 5 years.
ECP16	Property Services	Head of Finance, Performance & Asset Mgmt	Off Street Car Parks resurfacing and enhancement	Attractive & Thriving	91	-	91	0	0	0	0	Condition surveys have identified the need for a proactive programme of resurfacing for the council's off street car parking. Resurfacing, re-lining and enhancing the lighting enables the car parks to be used safely, reducing insurance claims for trips and falls, and allows the continued enforcement of the relevant traffic regulation orders. A. Planned maintenance programme should enable reduction in reactive repairs. B. No programme of repairs will require additional revenue maintenance funds for responsive repairs, and loss of income as Traffic regulation orders will become unenforceable.
ECP41	Parks & Countryside Development	Head of Leisure & Environmental Services	Renovate play area Howard Park, Letchworth	Responsive & Efficient	75	-	0	0	75	0	0	Listed as a project for 2020/21 in the Council's adopted Green Space Management Strategy 2017 - 2021. Situated in a town centre location, the high level of usage causes wear on equipment.
ECP25	Parks & Countryside Development	Head of Leisure & Environmental Services	Renovate play area, District Park, Gt. Ashby	Responsive & Efficient	75	-	75	0	0	0	0	Listed as a project for 2018/19 in the Council's adopted Green Space Management Strategy 2017 - 2021. The main play area for Great Ashby is in need of refurbishment.
ECP33	Parks & Countryside Development	Head of Leisure & Environmental Services	Renovate play area King George V Recreation Ground, Hitchin	Responsive & Efficient	75	-	0	75	0	0	0	Listed as a project for 2019/20 in the Council's adopted Green Space Management Strategy 2017 - 2021. The play area King George V Recreation Ground is one of the main neighbourhood play areas in Hitchin, serving a large housing estate. The play area is in need of refurbishment.

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					£'000	£'000	£'000	£'000	£'000	£'000	£'000	
ECP5	IT	Head of Revenues & Benefits & IT & MSU	PC's - Refresh Programme	Responsive & Efficient	68	-	17	17	17	17	0	PC's identified as having reached their end of useful life as part of the annual refresh programme. The assets have been used well past their original end of life because of the introduction of the citrix thin client technology. UPDATE CBP 2018/19: Resource of £17k requested in both 2020/21 and 2021/22
ECP29	IT	Head of Revenues & Benefits & IT & MSU	Dell Servers	Responsive & Efficient	65	-	0	65	0	0	0	In 2015/16 the authority upgraded the Server Estate with 10 Physical high level Dell Servers which have 179 virtual servers running within them. The hardware has a 5 year shelf life before coming unsupported.
ECP44	IT	Head of Revenues & Benefits & IT & MSU	Email Encryption Software Solution	Responsive & Efficient	45	-	0	0	45	0	0	Replacement of the Egress Email Encryption Software Solution, which was on a 3 year contract. North Herts have been using the Egress Email Encryption solution to ensure any Data above the protective marker of restricted is encrypted before leaving the Email Exchange Solution. The current three year software contract expires on the 31 March 2017.
ECP43	IT	Head of Revenues & Benefits & IT & MSU	Email / Web Gateway with SPAM Filtering Software Solution - Licence 3 Year Contract	Responsive & Efficient	39	-	0	0	39	0	0	Replacement of the current Cygnia Web Filtering (Bloxx) Software Solution and Clearswift Email Secure Gateway Software Solution. This has been on a 3 Year Contract with a supplier called Cygnia. North Herts having been using the Cygnia Bloxx Web Filtering Software Solution and Clearswift Secure Email Gateway Software Solution for the past 3 years and the contract is due renewal for the software licences in July 2017. This was formally on a 3 Year Contract with Cygnia.
ECP24	Parks & Countryside Development	Head of Leisure & Environmental Services	Construction of pathway and roadway, Wilbury Hills Cemetery, Letchworth	Responsive & Efficient	35	-	35	0	0	0	0	Listed as a project for 2018/19 in the Council's adopted Green Space Management Strategy 2017 - 2021. This investment is required as the cemetery expands into new sections.
ECP6	IT	Head of Revenues & Benefits & IT & MSU	Tablets - Android Devices	Responsive & Efficient	34	-	10	8	8	8	0	As part of the IT Strategy and supporting the channel migration programme, the tablets are required to continue the roll-out to identified officers who would benefit from having mobile devices to be more efficient and productive. It is becoming increasingly important for those staff who are mobile working that they have the correct tools to view emails and documents whilst on the move. UPDATE CBP 2018/19: Additional £2k resource requested in 2018/19 and £8k earmarked in both 2020/21 and 2021/22
ECP30	IT	Head of Revenues & Benefits & IT & MSU	New Blade Enclosure	Responsive & Efficient	32	-	0	32	0	0	0	The Blades are an integral part of the Servers and go hand in hand. These formed part of the hardware refresh programme in 2015/16 and have a shelf life of 5 years.
ECP14	Parks & Countryside Development	Head of Leisure & Environmental Services	Walsworth Common Reconstruction of Car Park	Responsive & Efficient	30	-	30	0	0	0	0	Listed as a project for 2017/18 in the Council's adopted Green Space Management Strategy 2014 - 2019. Current car park is in a poor condition and requires reconstruction. Now the Council's Green Space Strategy has been adopted requests will be made for Section 106 contributions and other grants.
ECP27	IT	Head of Revenues & Benefits & IT & MSU	Security - Firewalls	Responsive & Efficient	28	-	14	0	0	14	0	Firewalls are one of the most important piece of hardware between the NHDC Network and the outside world and it is this equipment that stops cyber attacks from penetrating NHDC systems and data. There is a need to ensure this hardware is kept as current and up to date as possible to ensure the Council's networks and data are kept secure. UPDATE CBP 2018/19: Resource of £14k requested to be programmed in 2021/22
ECP38	IT	Head of Revenues & Benefits & IT & MSU	Disaster Recovery Set-up	Responsive & Efficient	25	-	0	25	0	0	0	Back in late 2016 NHDC launched its own Disaster Recovery Data Centre and this budget is requested to ensure we keep the hardware and security up to date to ensure it is fit for purpose and secure from cyber attacks.

CAPITAL INVESTMENT PROPOSALS

Ref No	Service	Responsible Head of Service / Corporate Manager	Description of Proposal	Corporate Priority	Total Project Investment 2018/19 onwards	Total Anticipated Funding from Grants or Other Contributions	Proposed Investment in 2018/19	Proposed Investment in 2019/20	Proposed Investment in 2020/21	Proposed Investment in 2021/22	Revenue Implication	Anticipated Impact of Proposal (on Public/ Customers/ Staff/ Members/ Reputation/Revenue Budget etc.)
					£'000	£'000	£'000	£'000	£'000	£'000	£'000	
ECP4	IT	Head of Revenues & Benefits & IT & MSU	Core Backbone Switch	Responsive & Efficient	20	-	0	20	0	0	0	Dual processor switch, which links the virtual servers to the SAN. UPDATE CBP 2018/19: £17k earmarked provision in 2018/19 proposed to be removed.
ECP32	IT	Head of Revenues & Benefits & IT & MSU	Back-up Diesel 40 KVA Generator (DCO)	Responsive & Efficient	20	-	0	20	0	0	0	As part of Business Continuity and improving services, the authority purchased a Diesel Generator in 2015/16. The operation life of this hardware is 5 years.
ECP7	IT	Head of Housing & Public Protection	Channel shift - processing of housing register applications	Responsive & Efficient	20	-	20	0	0	0	0	Upgrade of housing software system to introduce customer self-service and automation of some housing registration processes. The Council's social housing registration system, Locata, has not been upgraded for a number of years and there is an opportunity to introduce a series of measures that will allow customers to self-serve, freeing up staff resources. Planned £20k spend in 2017/18.
ECP28	IT	Head of Revenues & Benefits & IT & MSU	Cabinet Switches - 4 Floors	Responsive & Efficient	18	-	0	0	0	18	0	This hardware connects each floor across the DCO to each other and back to the IT Data Centre on the ground floor. This hardware is the essential piece of kit that routes the traffic from desktops to the data servers and hence keeping this technology up to date and modern is essential to ensure data speeds are maintained. UPDATE CBP 2018/19: Allocated resource of £18k in 2018/19 reprogrammed to 2021/22.
ECP36	IT	Head of Revenues & Benefits & IT & MSU	Additional PC's - Support Home Working/OAP	Responsive & Efficient	13	-	0	13	0	0	0	The authority has a large PC/Monitor estate which as part of the ICT Service Plan annual requires refreshing. In recent years Microsoft stopped supporting Windows XP and we are soon to be given notice of de-support on Windows 7.
ECP37	IT	Head of Revenues & Benefits & IT & MSU	Additional Storage	Responsive & Efficient	13	-	0	13	0	0	0	As part of the day to day collection and storage of data within the Information@Works (I@W) which is the Corporate Document Management solution, the amount of data that is being scanned and captured via the Doc's on-line contract provided by Northgate is increasing by the day. There has been a huge push over the past year to work towards enabling every department to have access to I@W as this compliments Home Working.
ECP23	IT	Head of Revenues & Benefits & IT & MSU	Laptops - Refresh Programme	Responsive & Efficient	12	-	6	0	6	0	0	Over the past 3 years IT have reduced the laptop estate from 149 devices down to only having 48 still in use. The small budget provision is to ensure we have funds to replace these devices when Windows 7 becomes de-supported or they have reached their end of life as part of the refresh programme. UPDATE CBP 2018/19: Resource allocation of £6k requested in 2020/21.
ECP26	Parks & Countryside Development	Head of Leisure & Environmental Services	Replace items of play equipment, Chiltern Road, Baldock	Responsive & Efficient	10	-	10	0	0	0	0	Listed as a project for 2018/19 in the Council's adopted Green Space Management Strategy 2017 - 2021. Some items of play equipment were recently removed and are in need of replacement.
ECP42	Parks & Countryside Development	Head of Leisure & Environmental Services	Replace items of play equipment Holroyd Cres, Baldock	Responsive & Efficient	10	-	0	0	10	0	0	Listed as a project for 2020/21 in the Council's adopted Green Space Management Strategy 2017 - 2021. Holroyd Cres is a large play area serving a large housing development. Some items of equipment have been identified as nearing end of life and in need of replacement.
ECP34	Parks & Countryside Development	Head of Leisure & Environmental Services	Replace items of play equipment Wilbury Recreation Ground, Letchworth	Responsive & Efficient	10	-	0	10	0	0	0	Listed as a project for 2019/20 in the Council's adopted Green Space Management Strategy 2017 - 2021. The recreation ground has a good catchment area with a range of equipment for all ages. Some items of equipment are however nearing end of life and in need of replacement.

CAPITAL INVESTMENT PROPOSALS

Ref No	Service	Responsible Head of Service / Corporate Manager	Description of Proposal	Corporate Priority	Total Project Investment 2018/19 onwards	Total Anticipated Funding from Grants or Other Contributions	Proposed Investment in 2018/19	Proposed Investment in 2019/20	Proposed Investment in 2020/21	Proposed Investment in 2021/22	Revenue Implication	Anticipated Impact of Proposal (on Public/ Customers/ Staff/ Members/ Reputation/Revenue Budget etc.)
					£'000	£'000	£'000	£'000	£'000	£'000	£'000	
ECP39	IT	Head of Revenues & Benefits & IT & MSU	Alternative to safeword tokens for staff/members working remotely	Responsive & Efficient	8	-	0	8	0	0	0	The technology has changed considerably since we first starting using the Safeword Tokens 7-8 years ago. With the changes in personal technology such as Smart/IOS Phones there are now products on the market that are PSN approved for getting Access Keys delivered for 2 Layer Authentication such as Texts or App's on Smart Phones etc. This enables Members, Staff and Support Agencies to gain access to the remote login site from anywhere with no need to have a physical hardware device to hand
ECP35	IT	Head of Revenues & Benefits & IT & MSU	40 KVA UPS Device or Battery Replacement	Responsive & Efficient	7	-	0	7	0	0	0	The operation life of the batteries within the UPS Systems is 3 years and they need to be replaced. The authority has got 3 40 KVA UPS Systems which have varying battery sizes installed.
-	Burial Services	Head of Leisure & Environmental Services	Wilbury Hills Crematorium	Responsive & Efficient	-	-	0	0	0	0	-50	To generate income to help off set future financial pressures and meet the diverse needs of the community and conclude the development of Wilbury Hills Cemetery as a fully encompassing facility for the deceased and their families. Subject to full business case to be approved by the Portfolio Holder prior to coming forward for formal approval. UPDATE CBP 2018/19: The proposed scheme to deliver a crematorium at Wilbury Hills does not require a capital investment from NHDC.
Sub-Total					1,583	-	723	483	260	117	- 50	
TOTAL					16,153	4,148	11,588	1,828	1,425	1,312	-80	

TOTAL CONSISTS OF:												
PROPOSALS ALREADY IN THE CAPITAL PROGRAMME:					14,439	3,899	9,874	1,828	1,425	1,312	0	
NEW PROPOSALS IN THE 2018/19 PROCESS					1,714	249	1,714	0	0	0	-80	

These totals exclude those capital projects planned to complete in 2017/18.

	Total £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Forecast set-aside receipts b/f	5,219	7,074	49	3,087	3,415
Forecast capital receipts b/f	1,855				
Add forecast additions (capital receipts)	8,000	2,850	4,150	750	250
Less Capital spend (net of grants and other contributions)	-16,153	-11,588	-1,828	-1,425	-1,312
Add Grants and Other Contributions	4,148	1,713	716	1,003	716
Capital reserves c/f	3,069	49	3,087	3,415	3,069

Estimates subject to planning and Local Plan adoption

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Ref No	Service	Forecast Expenditure Reduction/ Additional Income (and year that it will be fully achieved) (£000)	Description of Proposal	Conservative Group Comments	Labour Group Comments	Liberal Democrat Group Comments
E1	Rev and Bens - admin	67	Restructure of Revenues team. The use of technology means that the service can absorb these changes with no impact on service delivery.	Ok	Requested further information from Officers as to what the cost saving represented in terms of the reduction in staffing capacity.	Ok
		2020/21				
E2	Housing and Public Protection	4	Cessation of summertime out of hours services dealing with noise nuisances arising from housing/car alarms, parties, and licensed premises. The service currently operates in the months April to September between the hours 8pm and 3am.	Requested further information from Officers as to the volume of complaints received by the summertime Out of Hours service.	Requested further information from Officers as to the volume of complaints received by the summertime Out of Hours service.	Not worth it for the savings involved.
		2018/19				
E3	Housing and Public Protection	1	Introduction of Fixed Penalty Notices (FPNs) in connection with fly-tipping offences. Legislation permits the Council to use FPNs as an alternative means of dealing with fly-tipping offences. Unlike fines imposed by the courts, the income arising from these FPNs can be retained by the Council. It is proposed that FPNs be used; in connection with first time offenders; where the volume of waste deposited is relatively limited; where the waste is non-toxic; where the offender is not acting for personal or corporate financial gain.	Ok.	Not supported. Costs of implementation and income recovery may mean no efficiency is generated from the proposal.	Ok. Would this include dog fouling?
		2018/19				
E4	Housing and Public Protection	2	Introduction of a range of charges in connection with the local licensing function. Introduction of charges for: - Classification of films - Non-attendance of applicants to taxi testing appointments - Provision of pre-application advice	Ok	Ok	Ok. But need to be careful that do not end up with costs later on e.g. by not providing advice at the start (unless paid for) the actual staff time increases.
		2018/19				
E5	Planning	72	Increase in planning activity and planning application income following the approval of the Local Plan. Additional income estimate is inclusive of the expectation of an increase in income from pre-application planning advice (£17k) and an increase in planning application discharge of conditions income (£5k).	Ok	Ok	Ok. Sceptical about it being achieved.
		2018/19				
E6	Planning	140	Increase in planning fees as a result of expected changes to legislation. Whilst this is an increase in income, the planning service is still a net cost to the Council and it is anticipated that meeting the need for enforcement and monitoring of the new sites in the Local Plan will require additional resource in the coming years.	Ok	Ok	Ok
		201/819				
E7	Green Space (Green Space Strategy & Grounds Maintenance)	30	Removal of the small scale grounds maintenance provision from the Parks & Countryside Development budget. Historically this revenue budget has been used for smaller green space improvement proposals. All planned improvements to green space were identified in the adopted 2017-2021 Green Space Strategy and are now included in the capital programme.	Ok	Ok	Ok
		2018/19				
E8	Community Services	26	Reduction in repairs & maintenance budgets for community facilities following the change in management of Community Centres to full repairing lease arrangements. The management of the following centres has now transferred to community groups under full repairing leases; - Grange, Jackmans, Westmill, Burns Road, Grange Youth Centre The estimated efficiency value also assumes that leases will be signed for two further centres by April 2018; - Walsworth, St Michael's Mount	Ok	Ok. Requested clarification on status of Mrs Howard Hall.	Ok. What is the £26k a proportion of?
		2018//19				

Ref No	Service	Forecast Expenditure Reduction/ Additional Income (and year that it will be fully achieved) (£000)	Description of Proposal	Conservative Group Comments	Labour Group Comments	Liberal Democrat Group Comments
E9	Community Services	22	Cessation of Area Committee Grants with 70% of the budget (52k) transferred to a Member Grants Panel to oversee a district-wide revenue grant scheme. Efficiency value does not include any estimated saving from the reduced administration and officer support to Area Committees.	Agreement to this proposal subject to the receipt of further information from officers on how the process would work.	Not supported. Goes against local decision making. Material changes to role of Area Committees should be considered outside of budget setting process. Council should consider employing more Community Services staff to help raise awareness of Area Committees and help local groups apply for funding. Visibility of S106 funding available also should be enhanced.	Not agreed. Lack of accountability. Risk that all grants are awarded to towns.
		2018/19	Note the potential overlap with NHDC Lottery			
E10	Finance, Performance & Asset Management	25	Reduction in the number of audit days delivered by the Shared Internal Audit Service. Proposed to reduce from current 400 days in 2017/18 to 360 days in 2018/19, 320 days in 2019/20 and 300 days from 2020/21 onwards. External Audit no longer place reliance on the work of Internal Audit in respect of key financial systems, hence the substantive testing element of this work is no longer required. The Council generally have good controls and therefore there is scope to reduce the time spent on service audits and still retain capacity to target any identified risk areas. The Audit Manager has advised that at 300 days, SIAS would still expect to be able to provide their annual assurance.	Ok	Ok	Ok
		2020/21				
E11	Finance, Performance & Asset Management	10	Cease the provision of Christmas trees in town centres within the District.	Not supported.	Ok, if implemented in consultation with Town Centre Partnerships.	Not supported.
		2018/19				
E12	Finance, Performance & Asset Management	8	Replacement of existing Asset Management System. Procurement and installation of new Asset Management system will reduce existing annual licensing costs from £9k to £1k.	Ok	Ok	Ok
		2018/19				
E13	Various	30	Budget scrutiny savings: savings identified from the review of existing base budgets.	Ok	Ok	Ok
		2018/19				
E14	Burials	100	Provision of a Crematorium at Wilbury Hills. Delivery of the crematorium and any revenue efficiency is dependent on a successful planning application. Following consultation, and subject to gaining Cabinet approval, an application for outline planning permission is anticipated to be submitted by the end of the calendar year. The estimated efficiency value is based on the proposed terms of the lease, with NHDC receiving an annual base rent of £10k (indexed annually by RPI) plus a percentage (up to a maximum of 10%) of the turnover generated from the Crematorium. The eligible percentage of turnover would be linked to the number of cremations that take place over a 12 month period.	Ok	Ok	Disappointingly low. Could the Council borrow the money to build it and generate more income?
		2021/22				
E15	Finance, Performance & Asset Management	20	Centralisation of property repairs and maintenance budgets. Centralisation of these budgets will facilitate more effective planning and prioritisation of maintenance work.	Ok	Ok	Ok. Is it possible to save more if the Council has fewer buildings?
		2019/20				
E16	Corporate	156	The discontinuation of the NHDC Apprenticeship Scheme. The existing budget provision covers the annual salary costs of eight apprenticeship posts. The discontinuation of the scheme would not affect the requirement to pay the annual apprenticeship levy (estimated £45k for NHDC).	Disagree with the proposal to discontinue the scheme. The budget provision should no longer be subject to annual review. Discontinuation should only be considered again when there is a material change to the scheme from how it operates currently.	Not supported.	Not agreed. Where will the staff of tomorrow come from.
		2019/20				
E17	Finance, Performance & Asset Management	18	In-house management of all treasury funds. The authority currently makes available for investment to a cash manager those funds over and above those required to meet the day to day cash commitments of the Council. In return the cash manager charges a fee for each investment placed equivalent to a set percentage of the interest returned. By managing all funds in-house, the Council would not incur these fees.	Ok	Ok	Ok
		2018/19	Whilst it is expected that the budget provision required would reduce over time in any case, as cash balances reduce, this is not assumed in the future year budget estimates hence the efficiency value is the same in each year.			

Ref No	Service	Forecast Expenditure Reduction/ Additional Income (and year that it will be fully achieved) (£000)	Description of Proposal	Conservative Group Comments	Labour Group Comments	Liberal Democrat Group Comments
E18	Accountancy Services	48	Restructure of Accounts team. The increased level of automation in the preparation of budget estimates and financial statements, combined with the management decision to cease the processing of support service recharges in 2018/19, will help to reduce the pressure on the team's capacity going forward. The imminent roll-out of the upgrade to the financial system is also expected to further enhance efficiency in the undertaking of finance related activities.	Ok	Ok	Ok
		2018/19				
E19	Waste Contract- Lot 1 award	1904	Reduction in cost for waste collection and street cleansing arising from the retendering of the service. This is for a service that is broadly in line with the current service.	Ok	Ok	Ok
		2019/20				
E20	Waste Contract- Lot 2 award	tbc	Potential savings from retendering, which could include reductions in materials processing costs, transportation costs or materials income. There is also the potential for further savings from a change to separate glass collection (rather than paper).	Ok.	Ok	Ok
		2019/20				
E21	Waste Contract- Garden Waste charging	209	The expected net impact of introducing garden waste charging, at £40 with a 26% take-up. Overall 26% of the residents that responded to the consultation said they would be likely to use a paid for garden waste service.	Ok. Confirm that this a contribution towards the cost of service provision.	Not supported.	Not supported.
		2019/20				

Proposed Revenue Investments

Ref No	Service	Investment (£000)	Description of Proposal	Conservative Group Comments	Labour Group Comments	Liberal Democrat Group Comments
R1	ICT	6	Cyber Attacks - Event Monitoring Software Solution	Ok	Ok	Ok
R2	ICT	1	Cadcorp Local Knowledge & Notice Board Software Solution	Ok. Asked for details of the software that will be used.	Ok	Ok
R3	Planning Services	140	Planning Resource Review	Ok	Ok	Ok

Efficiencies earmarked in 2018/19 (and/or beyond) resulting from previous decisions- excluding waste contract (superceded)

Ref No	Service	Forecast Expenditure Reduction/ Additional Income (and year that it will be fully achieved) (£000)	Description of Proposal	Conservative Group Comments	Labour Group Comments	Liberal Democrat Group Comments
PE7	Property Services	50	Floor Space in DCO Net savings of £20k are expected to be achieved by moving Careline from Harkness Court to the DCO. This also provides for potential further income in relation to renovating in to 2 flats and letting these through the Property Company.	Ok	Ok. Would like to see more commercialisation proposals.	Ok
		2018/19	There will still be available office space to let out at the DCO, which as well as letting income could also provide parking and ancillary (e.g. IT) service income. There could also be income from room hire.			
PE8	Democratic Services	89	Whole Council elections as opposed to the current arrangement of elections by thirds. Such a proposal cannot be implemented in a year where there are County Council elections. The existing budget has provision of £89k for a one third District Council (DC) election for those financial years where a DC election is scheduled to take place. Efficiency value assumes a whole district council election in May 2019, joining the majority of district councils conducting whole council elections in this year. The estimated £143,000 budget required for a standalone election would need to be reinstated for the year of the next election (2023/24) and every fourth year thereafter.	Not supported.	Not supported. Should not be a decision based on budget considerations.	Not supported. Better to engage with the public every year.
		2020/21				
PE11	Green Space (Green Space Strategy & Grounds Maintenance)		Rationalisation of playgrounds following the Green Space Strategy Review and the adoption of the Green Space Strategy 2017-21. Play areas identified in the review as less used that are not transferred to a third party by March 2018 will have equipment removed and be managed as green space. The revenue expenditure reduction value is based on the transfer or removal of 13 of the existing 47 play areas. Annual cost saving achieved would be subject to negotiations with the contractor. Cost of decommissioning is expected to be funded from capital resource under the flexible use of capital receipts direction.	Ok	Not supported.	Not supported. Need to make sure that play area provision in the future is the right type and in the right place. Through planning process need to be clear about what is required and secure sufficient commuted sums.
PE12	Green Space (Green Space Strategy & Grounds Maintenance)	29	Rationalisation of football pavilions following the Green Space Strategy Review and the adoption of the Green Space Strategy 2017-21. Expenditure reduction value represents the reduction in maintenance costs based on the option to retain the football pavilions at Grange, Ransoms and Swinburn and to transfer the remaining four pavilions at Cadwell Lane, St Johns, Walsworth and Bakers Close. These four pavilions will be demolished and returned to green space if not transferred to a third party by March 2018. Further revenue efficiencies could be achieved if Section 106 capital money can be secured for a new Walsworth pavilion (only the Grange and Walsworth would then be retained). Cost of decommissioning is expected to be funded from capital resource under the flexible use of capital receipts direction.	Ok	Not supported. Clarification from officers requested on future of Walsworth pavilion.	Not supported.
		2018/19				
PE13	Planning	50	Increase in planning activity and planning application income following the approval of the Local Plan, which is to be submitted in early 2017. Meeting the need for enforcement and monitoring of the new sites in the Local Plan may however require some additional staffing resource in the coming years. This will be kept under review.	Ok	Ok	Ok. Sceptical about it being achieved.
		2018/19				

Ref No	Service	Forecast Expenditure Reduction/ Additional Income (and year that it will be fully achieved) (£000)	Description of Proposal	Conservative Group Comments	Labour Group Comments	Liberal Democrat Group Comments
PE15	Corporate	200	Corporate restructure: annual staff salary cost saving from phase 2 of the restructure.	Ok	Ok in principle, but await further details. Need to ensure there is sufficient staff capacity to deliver projects and services.	Ok
		2018/19				
PE23	Finance, Performance & Asset Management	15	The launch of an NHDC Lottery. Efficiency values are based on activity generated by the Aylesbury Vale lottery and assume 60% of the value of the tickets sold at £1 can be directed to fund activities in the NHDC area. Revenue generated could therefore be used to fund area grant awards.	Not supported. On the basis that revenue generated would likely be disproportionate to the ongoing cost of maintaining interest and demand for lottery tickets.	Ok	Sceptical about what can be achieved. Too late doing this.
		2018/19				
PE25	Policy & Community Services	50	Replace area committees with a more informal alternative. The amount of saving of the direct administration cost of supporting Area Committees could be in the region of £50k, but would be dependent on the format and frequency of any alternative.	Earmarked saving in 2018/19 should be removed to allow time for the options for the future format and frequency of any alternative to be formulated and considered.	Not supported. Highlighted 'Community Governance Review' consultation recently undertaken by Canterbury City Council.	Not supported, undemocratic.
		2018/19				
PE26	Policy & Community Services	30	Cease MOU and contractual payments to identified Community Groups. Payments that will cease in 2017/18: Herts & Middlesex Wildlife Trust, Relate, Area Rape Crisis Line. Phased reduction in payments to Town Centre Partnerships:	Ok. Confirm status of Area Rape Crisis Line.	Not supported.	Ok, but need to make sure that the organisations are supported through the reductions. How much do we pay British Schools Museum?
		2020/21	Royston (ceasing March 2018) and Baldock (ceasing March 2020) Reduction over a 3 year term from 2017/18 (ceasing March 2020): Hitchin British Schools Museum, North Herts Arts Council, Sports North Herts and Stevenage & North Herts Womens Resource Centre			
PE29	IT	14	Provision of paperless reporting. Printing and delivery of meeting papers to Councillors and Senior Officers in 2015/16 cost 14K in paper, ink and secure delivery fees. Level of initial expenditure outlay in purchasing tablets (est. £350 per tablet inc. keyboard and data security software) and corresponding efficiency would be dependent on the level of take-up by Councillors.	Ok	Ok. Requested that Councillors be consulted during the process and be involved in the end user testing.	Need to get on and do it. Disappointing that it doesn't save more.
		2018/19	Additional charges are still to be established around the purchase and support and maintenance of the application system that will deliver this.			

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					£'000				
New proposals (or existing proposals with significant changes, greater than £100k)									
ECP12	Leisure Facilities	Head of Leisure & Environmental Services	Hitchin Swimming Pool Car Park extension	Attractive & Thriving	476	To provide a new car park at HSC. UPDATE CBP 2018/19: Proposed to increase the existing capital provision by an additional £250,000 as; the Council has had to spend money as part of the Section 38 approval and the legal cost of the land swap; the original construction cost estimates were prepared over five years ago and construction costs have since increased. The revised project budget has been estimated at a cost of £5,000 per parking space.	Ok	Ok	
ECP40	IT	Head of Revenues & Benefits & IT & MSU	Microsoft Enterprise Agreement	Responsive & Efficient	650	NHDC entered into a 3 year Contract for the use of Microsoft Licences for which 2017/18 represents year 2 of 3. There is the option within the contract to extend by a further 2 years. It is essential NHDC has the correct Microsoft Licences to ensure we do not fall foul of F.A.S.T (Fraud Against Software Threat) regulations. UPDATE CBP 2018/19: £450k is requested to be earmarked for renewal of licences contract in 2021/22	Ok	Ok	General comment about IT. There is a lot of spend. Need careful evaluation of whether the Council should purchase or look at hosted options?
NCP1	IT	Head of Revenues & Benefits & IT & MSU	Cadcorp Local Knowledge & Notice Board Software	Responsive & Efficient	14	This software collates current stored information from the current GIS software and presents it as a web page which can be tailored to display data such as Waste Collections, Recycling Collections (dates), your Councillor, Planning Applications, Listed Buildings etc. all in a single view via the NHDC Website. This software will benefit the public and officers alike when researching NHDC information.	Ok	Ok	
NCP2	IT	Head of Revenues & Benefits & IT & MSU	Cyber Attacks - Events Monitoring Software Solution	Responsive & Efficient	30	For the past 6 years NHDC have been using a software solution called GFI Events Management for capturing and reporting potential cyber hacking threats. The contract is due for renewal in May 2018. It is an essential requirement of the PSN that the authority has an active solution in place.	Ok	Ok	
NCP3	Leisure Facilities	Head of Leisure & Environmental Services	Letchworth Outdoor Pool safety surface	Attractive & Thriving	60	To remove and replace the existing safety surface at Letchworth Outdoor Pool as the current surface condition is in poor condition. Officers have investigated current market products and these are now more superior to what is currently in situ. The proposed surface will be the same product that was recently installed at Hitchin Outdoor Pool.	Ok	Ok	
NCP4	Leisure Facilities	Head of Leisure & Environmental Services	Royston Leisure Centre extension	Attractive & Thriving	1,000	To extend the front of the Royston Leisure Centre. This will provide a new multi functional room and increase the size of the fitness room. The gym membership at Royston Leisure Centre is close to capacity and a recent latent demand survey demonstrated there is a demand to increase the size of this facility. By undertaking the capital work the Council will renegotiate the Leisure Management contract and SLL will increase their management fee to the Council. The revenue implication of the project is therefore subject to negotiation and agreement with SLL, but is estimated to involve an increase in the annual return to the General Fund in the range of £120k to £150k.	Ok	Ok	
NCP5	Parks & Countryside Development	Head of Leisure & Environmental Services	Decommissioning of Play Areas	Responsive & Efficient	130	The Councils adopted Green Space Management Strategy 2017-2021 seeks to asset transfer 13 of its less used play areas. Play areas that are not transferred to a third party by March 2018 will have equipment removed and be managed as green space. As this project does not involve enhancing an asset, any investment will ultimately be charged to the Council's General Fund but, as the scheme does deliver service change that leads to ongoing cost reductions, it therefore would be expected to meet the conditions for funding from capital resource under the flexible use of Capital Receipts direction.	Ok	Not supported.	
NCP6	Parks & Countryside Development	Head of Leisure & Environmental Services	Decommissioning of Pavilions	Responsive & Efficient	120	The Councils adopted Green Space Management Strategy 2017-2021 seeks to asset transfer four pavilions identified as beyond economic repair at Bakers Close, Baldock. St. Johns Road, Cadwell Lane & Walsworth Common, Hitchin. If not transferred to a third party by March 2018 they will be decommissioned & returned to green space. As this project does not involve enhancing an asset, any investment will ultimately be charged to the Council's General Fund but, as the scheme does deliver service change that leads to ongoing cost reductions, it therefore would be expected to meet the conditions for funding from capital resource under the flexible use of Capital Receipts direction.	Ok	Not supported.	
NCP7	Property Services/ Parking	Head of Finance, Performance and Asset Management/ Head of Leisure & Environmental Services	Refurbishment of lifts at Lairage Car Park	Attractive & Thriving	360	Estimated cost of the refurbishment of the four lifts. The work will be required to ensure that the lifts operate safely and reliably. This may not be required until 2019/20.	Ok. Depending on other capital requirements, there is a need to consider the overall cost of the Lairage Car Park.	Not supported. Estimated cost of this development is disproportionate to the benefit.	

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Ref No	Service	Responsible Head of Service / Corporate Manager	Description of Proposal	Corporate Priority	Total Project Investment 2018/19 onwards	Anticipated Impact of Proposal (on Public/ Customers/ Staff/ Members/ Reputation/Revenue Budget etc.)	Conservative Group Comments	Labour Group Comments	Liberal Democrat Group Comments
					£'000				
Existing schemes (greater than £250k of Council funding)- in order of value (descending)									
ECP9	Estates	Head of Finance, Performance & Asset Mgmt	Provide housing at market rents.	Prosper & Protect	2,800	This project follows on from the revenue investment proposal that explores the feasibility. This is an "invest to earn" proposal to utilise NHDC capital and land to generate revenue income. Under this scheme, the land and properties would remain in NHDC ownership. Phase 1 (as dealt with by the revenue investment bid): form investment mechanism to own houses built for market rent. Phase 2: identify appropriate partnership model to achieve build and/or purchase. Phase 3: contract with a property management company. Phase 4: acquire/build properties. Phase 5 (beyond scope of this bid): identify other sites where this model could be applied. Planned investment in 2017/18 of £550k.	Ok		Need to make progress.
ECP11	Accountancy Services	Head of Finance, Performance & Asset Mgmt	Capitalised Pension Fund Contribution	Responsive & Efficient	2,500	Council seek a Capitalisation Direction to allow payment of a lump sum contribution of up to £2.5m to the Pension Fund. A similar contribution was made following the 2013 revaluation. Such a contribution benefits the Council in two ways. Firstly, it improves the funding position on the pension fund, so helping to keep future minimum revenue contribution rates down while the fund earns interest at rates higher than the Council can achieve on its set aside funds, and secondly, by reducing the deficit on the fund, it means that the amount of interest that has to be paid to the fund on that deficit is reduced.	Ok		
ECP8	Estates	Head of Finance, Performance & Asset Mgmt	Refurbishment and improvement of community facilities	Responsive & Efficient	1,006	To provide a five year fund from 2016/17 towards the refurbishment and improvement of community facilities in both rural and urban areas of North Hertfordshire. £200k planned spend in 2017/18 means a total capital allocation of £1.206m	Ok		
ECP10	Property Services	Head of Finance, Performance & Asset Mgmt	Council property improvements following condition surveys	Attractive & Thriving	560	Condition surveys have been carried out on a substantial number of the Authority's premises (substantially consists of Community Centres and Pavilions). This bid relates to 29 of those premises which are not currently subject to separate plans or review. The surveys have identified necessary works within priority bands required to ensure the continued use of the premises and to maintain premises in a reasonable condition. Enhancement works of this nature will reduce reliance on reactive maintenance repairs. The level of 'backlog' maintenance is also proposed as a national performance indicator by Central Government. An amount of £150k was approved to undertake the urgent works in 2014/15, based upon surveys carried out to date. In following years a full 5 year programme will be applied, based upon completed condition surveys or the whole estate. this is complementary to the Community Halls strategy (CHS), although covers a larger number of properties than those subject to CHS, i.e., it puts in place funds to allow works to be done that may assist in progressing that strategy (e.g. full repairing/partial repair leases).	Ok		
ECP1	Housing Services	Head of Housing & Public Protection	John Barker Place, Hitchin	Prosper & Protect	548	Cabinet agreed to the commitment to the John Barker Place regeneration scheme in January 2013, subject to the availability of funds. £548k planned spend in 2017/18, with £270k S106 funding expected in 2017/18.	Ok		
Existing schemes that are all (or mostly) grant or externally funded (including s106)									
ECP3	Housing Services	Head of Housing & Public Protection	Disabled Facility Grants	Responsive & Efficient	2,980	DFGs are available to owner/occupiers and tenants towards the cost of providing adaptations and facilities to assist older people and people with disabilities. It enables them to remain independent within their own home. In February 2015 Council approved maintaining this level of funding for 2015/6 and beyond whilst a review on longer term options was undertaken. UPDATE 2018/19 CBP: Investment proposed to be extended to 2021/22. Total government grant expectation amended accordingly. 2017/18 total £716k	Ok	Ok	
ECP15	Parks & Countryside Development	Head of Leisure & Environmental Services	Walsworth Common, Pitch Improvements	Attractive & Thriving	103	Listed as a project for 2016/17 in the Council's adopted Green Space Management Strategy 2014 - 2019. The recreation ground was constructed over a landfill site and settlement has resulted in a very uneven surface which requires to be levelled to allow for the construction of football pitches. This project has the support of the Football Foundation who may be able to provide grant funding. In addition now the Council's Green Space Strategy has been adopted requests will be made for Section 106 contributions and other grants.	Ok		
ECP18	Parks & Countryside Development	Head of Leisure & Environmental Services	Bancroft Recreation Ground, Hitchin, Multi Use Games Area (MUGA)	Attractive & Thriving	170	At its meeting of the 16 December 2014 Cabinet resolved at item 13 - BANCROFT RECREATION GROUND, HITCHIN: (1) That a phased approach to deliver incremental affordable improvements to Bancroft Recreation Ground based on the principles outlined in the most recent version of the master plan set out in the report to Cabinet on 28 January 2014 be agreed, using Section 106 and other limited internal and external financial resources; A MUGA formed part of the agreed proposals. It is intended to apply to Sport England grant application for 50% of the construction cost.	Ok		

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					£'000				
ECP19	Planning Services	Head of Planning & Building Control	Green Infrastructure implementation (GAF)	Prosper & Protect	185	It is recommended that decisions on eligible capital projects are postponed until adoption of the Local Plan and any further strategies that may be recommended by the Inspector.	Ok		
ECP20	Planning Services	Head of Planning & Building Control	Cycle Strategy implementation (GAF)	Prosper & Protect	278	The Local Plan transport strategy focuses on mode shift in line with HCC's strategic aims, as such foot and cycle ways are key to this strategy, including cross points on major roads and railways. It is acknowledged that s106 funding could be used, but it is anticipated that there will be an infrastructure funding gap relying on s106 alone. It is recommended that decisions on these capital projects are postponed until adoption of the Local Plan and any further strategies that may be recommended by the Inspector.	Ok		
ECP21	Planning Services	Head of Planning & Building Control	Transport Plans implementation (GAF)	Prosper & Protect	250		Ok		
ECP22	Planning Services	Head of Planning & Building Control	Installation of trial on-street charging (GAF)	Attractive & Thriving	50	It is anticipated that this funding will be spent in line with the emerging parking strategy.	Ok		
ECP45	Parks & Countryside Development	Head of Leisure & Environmental Services	New changing rooms, Walsworth Common, Hitchin	Attractive & Thriving	300	This project was originally listed as a project for 2016/17 in the Council's adopted Green Space Management Strategy 2014 - 2019. The project was slipped into 2017/18 pending the outcome of the Green Space Strategy review. Following the review, this project is now earmarked for 2020/21 in the Council's adopted Green Space Management Strategy 2017 - 2021. The project is dependent on securing section 106 contributions and/or external grants. In the review, the pavilion was identified as being beyond economic repair.	Ok		
Other schemes- in order of value (descending)									
ECP2	Housing Services	Head of Housing & Public Protection	Home Repair Assistance Grants	Responsive & Efficient	240	HRAGs are a discretionary form of assistance specifically designed to provide practical help through a grant for small-scale works. This grant provides cash limited assistance up to £5K within any three-year period, for minor works for owner / occupiers and private tenants who meet certain criteria. HRAGs are means tested and help to eradicate CAT1 Hazards, such as excess cold. In February 2015 Council approved an increase in the level of funding from £35k to £60k per annum for 2015/6 and future years. UPDATE 2018/19 CBP: Investment proposed to be extended to 2021/22	Ok	Ok	
ECP17	Parking Services	Head of Planning & Building Control	Town Centre pay & display machines for on-street charging	Attractive & Thriving	235	The Council is currently reviewing its Parking Strategy, part of which includes the implementation of on-street charging. However, the method of payment is likely to be via smart phones rather than traditional pay and display machines. As such, it is anticipated that a proportion of this capital funding will not be required.	Ok		
ECP13	Property Services	Head of Finance, Performance & Asset Mgmt	Lairage Multi-Storey Car Park - Structural wall repairs	Attractive & Thriving	120	Works to preserve this income generating asset in usable condition. Works necessary to protect surface following experience at Letchworth multi-storey.	Ok		
ECP31	IT	Head of Revenues & Benefits & IT & MSU	Replacement SAN	Responsive & Efficient	110	The Storage Area Network (SAN) is used to compliment the data storage and backups across the infrastructure estate. These are a critical element of the data infrastructure network as they also move the data traffic around the servers. The authority replaced the current SAN in 2015/16 and the life of this hardware is 5 years.	Ok		
ECP16	Property Services	Head of Finance, Performance & Asset Mgmt	Off Street Car Parks resurfacing and enhancement	Attractive & Thriving	91	Condition surveys have identified the need for a proactive programme of resurfacing for the council's off street car parking. Resurfacing, re-lining and enhancing the lighting enables the car parks to be used safely, reducing insurance claims for trips and falls, and allows the continued enforcement of the relevant traffic regulation orders. A. Planned maintenance programme should enable reduction in reactive repairs. B. No programme of repairs will require additional revenue maintenance funds for responsive repairs, and loss of income as Traffic regulation orders will become unenforceable.	Ok		
ECP41	Parks & Countryside Development	Head of Leisure & Environmental Services	Renovate play area Howard Park, Letchworth	Responsive & Efficient	75	Listed as a project for 2020/21 in the Council's adopted Green Space Management Strategy 2017 - 2021. Situated in a town centre location, the high level of usage causes wear on equipment.	Ok		
ECP25	Parks & Countryside Development	Head of Leisure & Environmental Services	Renovate play area, District Park, Gt. Ashby	Responsive & Efficient	75	Listed as a project for 2018/19 in the Council's adopted Green Space Management Strategy 2017 - 2021. The main play area for Great Ashby is in need of refurbishment.	Ok		

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ECP33	Parks & Countryside Development	Head of Leisure & Environmental Services	Renovate play area King George V Recreation Ground, Hitchin	Responsive & Efficient		75Listed as a project for 2019/20 in the Council's adopted Green Space Management Strategy 2017 - 2021. The play area King George V Recreation Ground is one of the main neighbourhood play areas in Hitchin, serving a large housing estate. The play area is in need of refurbishment.	Ok		
ECP5	IT	Head of Revenues & Benefits & IT & MSU	PC's - Refresh Programme	Responsive & Efficient		68PC's identified as having reached their end of useful life as part of the annual refresh programme. The assets have been used well past their original end of life because of the introduction of the citrix thin client technology. UPDATE CBP 2018/19: Resource of £17k requested in both 2020/21 and 2021/22	Ok		
ECP29	IT	Head of Revenues & Benefits & IT & MSU	Dell Servers	Responsive & Efficient		65In 2015/16 the authority upgraded the Server Estate with 10 Physical high level Dell Servers which have 179 virtual servers running within them. The hardware has a 5 year shelf life before coming unsupported.	Ok		
ECP44	IT	Head of Revenues & Benefits & IT & MSU	Email Encryption Software Solution	Responsive & Efficient		45Replacement of the Egress Email Encryption Software Solution, which was on a 3 year contract. North Herts have been using the Egress Email Encryption solution to ensure any Data above the protective marker of restricted is encrypted before leaving the Email Exchange Solution. The current three year software contract expires on the 31 March 2017.	Ok		
ECP43	IT	Head of Revenues & Benefits & IT & MSU	Email / Web Gateway with SPAM Filtering Software Solution - Licence 3 Year Contract	Responsive & Efficient		39Replacement of the current Cygnia Web Filtering (Bloxx) Software Solution and Clearswift Email Secure Gateway Software Solution. This has been on a 3 Year Contract with a supplier called Cygnia. North Herts having been using the Cygnia Bloxx Web Filtering Software Solution and Clearswift Secure Email Gateway Software Solution for the past 3 years and the contract is due renewal for the software licences in July 2017. This was formally on a 3 Year Contract with Cygnia.	Ok		
ECP24	Parks & Countryside Development	Head of Leisure & Environmental Services	Construction of pathway and roadway, Wilbury Hills Cemetery, Letchworth	Responsive & Efficient		35Listed as a project for 2018/19 in the Council's adopted Green Space Management Strategy 2017 - 2021. This investment is required as the cemetery expands into new sections.	Ok		
ECP6	IT	Head of Revenues & Benefits & IT & MSU	Tablets - Android Devices	Responsive & Efficient		34As part of the IT Strategy and supporting the channel migration programme, the tablets are required to continue the roll-out to identified officers who would benefit from having mobile devices to be more efficient and productive. It is becoming increasingly important for those staff who are mobile working that they have the correct tools to view emails and documents whilst on the move. UPDATE CBP 2018/19: Additional £2k resource requested in 2018/19 and £8k earmarked in both 2020/21 and 2021/22	Ok		
ECP30	IT	Head of Revenues & Benefits & IT & MSU	New Blade Enclosure	Responsive & Efficient		32The Blades are an integral part of the Servers and go hand in hand. These formed part of the hardware refresh programme in 2015/16 and have a shelf life of 5 years.	Ok		
ECP14	Parks & Countryside Development	Head of Leisure & Environmental Services	Walsworth Common Reconstruction of Car Park	Responsive & Efficient		30Listed as a project for 2017/18 in the Council's adopted Green Space Management Strategy 2014 - 2019. Current car park is in a poor condition and requires reconstruction. Now the Council's Green Space Strategy has been adopted requests will be made for Section 106 contributions and other grants.	Ok		
ECP27	IT	Head of Revenues & Benefits & IT & MSU	Security - Firewalls	Responsive & Efficient		28Firewalls are one of the most important piece of hardware between the NHDC Network and the outside world and it is this equipment that stops cyber attacks from penetrating NHDC systems and data. There is a need to ensure this hardware is kept as current and up to date as possible to ensure the Council's networks and data are kept secure. UPDATE CBP 2018/19: Resource of £14k requested to be programmed in 2021/22	Ok		
ECP38	IT	Head of Revenues & Benefits & IT & MSU	Disaster Recovery Set-up	Responsive & Efficient		25Back in late 2016 NHDC launched its own Disaster Recovery Data Centre and this budget is requested to ensure we keep the hardware and security up to date to ensure it is fit for purpose and secure from cyber attacks.	Ok		
ECP4	IT	Head of Revenues & Benefits & IT & MSU	Core Backbone Switch	Responsive & Efficient		20Dual processor switch, which links the virtual servers to the SAN. UPDATE CBP 2018/19: £17k earmarked provision in 2018/19 proposed to be removed.	Ok		
ECP32	IT	Head of Revenues & Benefits & IT & MSU	Back-up Diesel 40 KVA Generator (DCO)	Responsive & Efficient		20As part of Business Continuity and improving services, the authority purchased a Diesel Generator in 2015/16. The operation life of this hardware is 5 years.	Ok		

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					£'000				
ECP7	IT	Head of Housing & Public Protection	Channel shift - processing of housing register applications	Responsive & Efficient	20	Upgrade of housing software system to introduce customer self-service and automation of some housing registration processes. The Council's social housing registration system, Locata, has not been upgraded for a number of years and there is an opportunity to introduce a series of measures that will allow customers to self-serve, freeing up staff resources. Planned £20k spend in 2017/18.	Ok		
ECP28	IT	Head of Revenues & Benefits & IT & MSU	Cabinet Switches - 4 Floors	Responsive & Efficient	18	This hardware connects each floor across the DCO to each other and back to the IT Data Centre on the ground floor. This hardware is the essential piece of kit that routes the traffic from desktops to the data servers and hence keeping this technology up to date and modern is essential to ensure data speeds are maintained. UPDATE CBP 2018/19: Allocated resource of £18k in 2018/19 reprogrammed to 2021/22.	Ok		
ECP36	IT	Head of Revenues & Benefits & IT & MSU	Additional PC's - Support Home Working/OAP	Responsive & Efficient	13	The authority has a large PC/Monitor estate which as part of the ICT Service Plan annual requires refreshing. In recent years Microsoft stopped supporting Windows XP and we are soon to be given notice of de-support on Windows 7.	Ok		
ECP37	IT	Head of Revenues & Benefits & IT & MSU	Additional Storage	Responsive & Efficient	13	As part of the day to day collection and storage of data within the Information@Works (I@W) which is the Corporate Document Management solution, the amount of data that is being scanned and captured via the Doc's on-line contract provided by Northgate is increasing by the day. There has been a huge push over the past year to work towards enabling every department to have access to I@W as this compliments Home Working.	Ok		
ECP23	IT	Head of Revenues & Benefits & IT & MSU	Laptops - Refresh Programme	Responsive & Efficient	12	Over the past 3 years IT have reduced the laptop estate from 149 devices down to only having 48 still in use. The small budget provision is to ensure we have funds to replace these devices when Windows 7 becomes de-supported or they have reached their end of life as part of the refresh programme. UPDATE CBP 2018/19: Resource allocation of £6k requested in 2020/21.	Ok		
ECP26	Parks & Countryside Development	Head of Leisure & Environmental Services	Replace items of play equipment, Chiltern Road, Baldock	Responsive & Efficient	10	Listed as a project for 2018/19 in the Council's adopted Green Space Management Strategy 2017 - 2021. Some items of play equipment were recently removed and are in need of replacement.	Ok		
ECP42	Parks & Countryside Development	Head of Leisure & Environmental Services	Replace items of play equipment Holroyd Cres, Baldock	Responsive & Efficient	10	Listed as a project for 2020/21 in the Council's adopted Green Space Management Strategy 2017 - 2021. Holroyd Cres is a large play area serving a large housing development. Some items of equipment have been identified as nearing end of life and in need of replacement.	Ok		
ECP34	Parks & Countryside Development	Head of Leisure & Environmental Services	Replace items of play equipment Wilbury Recreation Ground, Letchworth	Responsive & Efficient	10	Listed as a project for 2019/20 in the Council's adopted Green Space Management Strategy 2017 - 2021. The recreation ground has a good catchment area with a range of equipment for all ages. Some items of equipment are however nearing end of life and in need of replacement.	Ok		
ECP39	IT	Head of Revenues & Benefits & IT & MSU	Alternative to safeword tokens for staff/members working remotely	Responsive & Efficient	8	The technology has changed considerably since we first starting using the Safeword Tokens 7-8 years ago. With the changes in personal technology such as Smart/IOS Phones there are now products on the market that are PSN approved for getting Access Keys delivered for 2 Layer Authentication such as Texts or App's on Smart Phones etc. This enables Members, Staff and Support Agencies to gain access to the remote login site from anywhere with no need to have a physical hardware device to hand	Ok		
ECP35	IT	Head of Revenues & Benefits & IT & MSU	40 KVA UPS Device or Battery Replacement	Responsive & Efficient	7	The operation life of the batteries within the UPS Systems is 3 years and they need to be replaced. The authority has got 3 40 KVA UPS Systems which have varying battery sizes installed.	Ok		
-	Burial Services	Head of Leisure & Environmental Services	Wilbury Hills Crematorium	Responsive & Efficient		To generate income to help off set future financial pressures and meet the diverse needs of the community and conclude the development of Wilbury Hills Cemetery as a fully encompassing facility for the deceased and their families. Subject to full business case to be approved by the Portfolio Holder prior to coming forward for formal approval. UPDATE CBP 2018/19: The proposed scheme to deliver a crematorium at Wilbury Hills does not require a capital investment from NHDC.	-	Ok	Forecast savings are disappointingly low.

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