

Public Document Pack

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To: Members of the Cabinet:

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

You are invited to attend a

MEETING OF THE CABINET

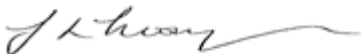
to be held in the

**COUNCIL CHAMBER, COUNCIL OFFICES, GERNON ROAD,
LETCWORTH GARDEN CITY**

on

TUESDAY, 19TH JUNE, 2018 AT 7.30 PM

Yours sincerely,



Jeanette Thompson
Service Director – Legal and Community

Agenda **Part I**

| Item | Page |
|--|--------------------|
| 1. APOLOGIES FOR ABSENCE | |
| 2. MINUTES - 27 MARCH 2018 To take as read and approve as a true record the minutes of the meeting of the Cabinet held on 27 March 2018. | (Pages 1 - 16) |
| 3. NOTIFICATION OF OTHER BUSINESS Members should notify the Chairman of other business which they wish to be discussed by the Cabinet at the end of either Part I or Part II business set out in the agenda. They must state the circumstances which they consider justify the business being considered as a matter of urgency. The Chairman will decide whether any item(s) raised will be considered. | |
| 4. CHAIRMAN'S ANNOUNCEMENTS Members are reminded that any declarations of interest in respect of any business set out in the agenda, should be declared as either a Disclosable Pecuniary Interest or Declarable Interest and are required to notify the Chairman of the nature of any interest declared at the commencement of the relevant item on the agenda. Members declaring a Disclosable Pecuniary Interest must withdraw from the meeting for the duration of the item. Members declaring a Declarable Interest, wished to exercise a 'Councillor Speaking Right', must declare this at the same time as the interest, move to the public area before speaking to the item and then must leave the room before the debate and vote. | |
| 5. PUBLIC PARTICIPATION To receive petitions, comments and questions from the public. | |
| 6. ITEMS REFERRED FROM OTHER COMMITTEES <i>Any Items referred from other committees will be circulated as soon as they are available.</i> | |
| 7. STRATEGIC PLANNING MATTERS REPORT OF THE STRATEGIC DIRECTOR – REGULATORY SERVICES | (Pages 17 - 50) |
| <i>To inform Cabinet of the positions regarding:</i> | |
| <ul style="list-style-type: none">• <i>Other Local Plans and Examinations;</i>• <i>North Hertfordshire Local Plan;</i>• <i>Neighbourhood Plans;</i>• <i>Government announcements;</i>• <i>Strategic Planning; and</i>• <i>Chilterns AONB.</i> | |

8. **REVENUE BUDGET OUTTURN 2017/2018** (Pages
REPORT OF THE STRATEGIC DIRECTOR - RESOURCES 51 - 62)
- To consider the Revenue Budget Outturn 2017/18.*
9. **CAPITAL PROGRAMME OUTTURN 2017/18** (Pages
REPORT OF THE SERVICE DIRECTOR - RESOURCES 63 - 84)
- To consider the Capital Programme Outturn 2017/18.*
10. **ANNUAL TREASURY MANAGEMENT REVIEW 2017/2018** (Pages
REPORT FO THE SERVICE DIRECTOR - RESOURCES 85 - 102)
- To consider the Annual Treasury Management Review 2017/2018.*
11. **GREEN SPACE MANAGEMENT STRATEGY** (Pages
REPORT OF THE SERVICE DIRECTOR - PLACE 103 -
110)
- To consider funding for a multi use games areas for Bancroft Recreation Ground; and the future of Betjeman Road play area, Farrier Court play areas Royston, Linnet Close play area Letchworth and Symonds Road play area, Hitchin.
12. **NORTH HERTFORDSHIRE MUSEUM AND HITCHIN TOWN HALL -** (Pages
ACQUISITION OF 14/15 BRAND STREET, HITCHIN 111 -
REPORT OF THE CHIEF EXECUTIVE AND SERVICE DIRECTOR - 116)
COMMERCIAL
- To consider a Part 1 report on the proposed acquisition of 14/15 Brand Street, Hitchin.
13. **EXCLUSION OF PRESS AND PUBLIC** (Pages
To consider passing the following resolution: 117 -
118)
- That under Section 100A of the Local Government Act 1972, the Press and Public be excluded from the meeting on the grounds that the following reports will involve the likely disclosure of exempt information as defined in Paragraphs 3 and 5 of Part 1 of Schedule 12A of the said Act.
14. **NORTH HERTFORDSHIRE MUSEUM AND HITCHIN TOWN HALL -** 119 -
ACQUISITION OF 14/15 BRAND STREET, HITCHIN 124
REPORT OF THE CHIEF EXECUTIVE AND SERVICE DIRECTOR -
COMMERCIAL
- To consider a Part 2 report on the proposed acquisition of 14/15 Brand Street, Hitchin.

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Agenda Item 2

NORTH HERTFORDSHIRE DISTRICT COUNCIL

CABINET

MEETING HELD IN THE FOUNDATION HOUSE, ICKNIELD WAY, LETCHWORTH
GARDEN CITY ON TUESDAY, 27TH MARCH, 2018 AT 7.30 PM

MINUTES

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

In Attendance: *David Scholes (Chief Executive), Anthony Roche (Deputy Chief Executive), Ian Couper (Head of Finance, Performance and Asset Management), Ian Fullstone (Head of Development and Building Control), Vaughan Watson (Head of Leisure and Environmental Services), Andrew Mills (Service Manager - Grounds Maintenance), Steve Geach (Parks and Countryside Development Manager), Louise Symes (Strategic Planning and Projects Manager), Steve Crowley (Contracts and Projects Manager), Sarah Kingsley (Communications Manager), Jeanette Thompson (Acting Corporate Legal Manager), Gavin Ramtohal (Contracts Lawyer) and Ian Gourlay (Committee and Member Services Manager).*

Also Present: *Councillors Terry Hone (Chairman of Finance, Audit & Risk Committee), Ian Albert, Alan Millard and Martin Stears-Handscomb.
6 members of the public.*

91 APOLOGIES FOR ABSENCE

There were no apologies for absence.

92 MINUTES - 23 JANUARY 2018

RESOLVED: That the Minutes of the meeting of the Cabinet held on 23 January 2018 be approved as a true record of the proceedings and be signed by the Chairman.

93 NOTIFICATION OF OTHER BUSINESS

There was no notification of other business.

94 CHAIRMAN'S ANNOUNCEMENTS

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

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- (4) The Chairman announced that, due to an administrative oversight, Item 6(A) - the referral from the Cabinet Sub-Committee on Options for Housing Investment Company – had not been included on the most recent version of the Council's Forward Plan, and neither had a notice been published stating that part of the meeting (to consider Item 19, the Part 2 item on the same matter) would be held in private. However, following the agreement of the Chairman of the Overview and Scrutiny Committee, she was invoking the urgency provisions in the Council's Constitution to allow both of these items to be considered at this evening's meeting.
- (5) The Chairman advised of the following changes to the order of business on the agenda:
- Item 6A – the referral from the Cabinet Sub-Committee on Options for Housing Investment Company would be moved to immediately before Item 16 on the agenda (Exclusion of Press and Public); and
 - The Part 1 Items 14 (Hitchin Market), 15 (Crematorium) and 6(A) would therefore take place immediately before Item 16 (Exclusion of Press and Public) and the Cabinet would then consider Items 17, 18 and 19, the Part 2 items on the same matters. The press and public would be invited back into the meeting to hear the Cabinet's decisions on all three of these items in Part 1 of the meeting.

95 PUBLIC PARTICIPATION

- (a) Mr Colin Dunham (Hitchin resident) re: NHDC communication with residents

Mr Dunham considered that people like himself, who had no computers, had been bypassed by the Council, officers and councillors.

As an example, Mr Dunham referred to the new Waste Contract and charging for brown bin collections. There was no reference in the policy to any refund of the charge should people die, go into a nursing home or move house.

As a further example, Mr Dunham referred to the Churchgate/Hitchin Market consultation. Why did people like himself have to go to the Council Offices in Letchworth Garden City to collect a hard copy? Copies could have been supplied locally to libraries, the Hitchin Market Office and Hitchin Initiative Office.

Mr Dunham commented that in the most recent edition of the Council's Outlook Magazine, there were no updates on the North Hertfordshire Museum/Hitchin Town Hall or Churchgate. Why?

Mr Dunham asked it if was the role of the Council's Monitoring Officer to help residents with these types of issues? If not, who would be the person best placed to assist residents?

Mr Dunham concluded by mentioning that he had yet to receive a reply from the Chief Executive responding to the issues raised by him at the Cabinet meeting held on 23 January 2018 in respect of the North Hertfordshire Museum/Hitchin Town Hall.

The Chairman thanked Mr Dunham for his presentation.

- (b) Mrs Helen Oliver (Letchworth Garden City resident) re: Proposed Closure of Linnet Close Play Area

Mrs Oliver advised that Linnet Close play area was small, but in good condition. It had benefitted from recent repairs to the rubber floor surface. The play area did not suffer vandalism as it was overlooked by nearby residential properties and watched by local residents.

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Mrs Oliver stated that it was watched because it was treasured by the local community. A year ago, 50 or more local residents and children had attended a “play-in” at the play area in order to show support for its retention.

Mr Oliver commented that it was confusing to residents in Linnet Close and the surrounding streets that the consultation on the future of play spaces was over before they heard about the planned closure.

Mrs Oliver and others residents did not believe that the information supplied to councillors from the consultation reflected genuine levels of use, because they felt that a different decision would have been made had this information been provided. Residents were more than keen to conduct a more accurate usage survey if this would be useful to the Council.

Mrs Oliver advised that fundraising to help to maintain the play area was something that local residents were keen to engage in. However, the option given to them to take on the play area themselves appeared to reveal a lack of insight into the lives of ordinary residents, many of whom had limited income. They believed that the Council had the necessary skills and experience to administer public liability insurance, understand health and safety obligations, and provide ownership of the public play space for children.

Mr Oliver explained that the residents were also deeply concerned with the lack of clarity on future plans for the site. Plans for the sale of the site would worry residents hugely; plans which would render the site redundant and increase the chances of fly tipping or parking also weighed heavily on residents’ minds. The lack of communication did not inspire good faith.

Mrs Oliver stated that it seemed that there was some belief that an inability amongst local residents to come up with the funds and expertise needed to run the playground demonstrated a lack of care for the space. However, local children did use the play area, loved it and cared about it. She felt that this view of residents seemed a little out of touch and showed a very poor opinion of the residents the Council served, coming as it did on top of the recent Council Office refurbishment and increases in Councillors’ allowances.

Mrs Oliver asked that the Council looks again at this matter, not viewing the closure of play areas as an easy saving option. The residents wanted to work with the Council to see how the decision may be reviewed and the closure put on hold, even at this late stage. She therefore urged the Cabinet to take a further look at the matter.

The Chairman thanked Mrs Oliver for her presentation.

96 ITEM REFERRED FROM CABINET SUB-COMMITTEE (LOCAL AUTHORITY TRADING COMPANIES’ SHAREHOLDER): 15 MARCH 2018 - OPTIONS FOR HOUSING INVESTMENT COMPANY

[Note: This item was considered both before and after Minute 112 below - the Part 2 item on the same matter.]

[Prior to the consideration of this item and Minute 112 below, Councillor David Levett made a Declarable Interest in that he was a director of a property letting company which was currently dormant, but that he had applied to Companies House to wind up this company.]

The Chairman of the Cabinet Sub-Committee (Local Authority Trading Companies’ Shareholder) presented the following referral from that Sub-Committee, made at its meeting held on 15 March 2018, in respect of Options for a Housing Investment Company (Minute 6 refers):

“RECOMMENDED TO CABINET: That the principle of setting up a wholly owned holding company and trading companies for the purposes of development; and letting existing and future assets as residential dwellings be approved, and the Chief Finance Officer and Executive Member for Finance and IT be given delegated authority to determine the detail of the structure.”

The Chairman of the Cabinet Sub-Committee referred to the £3Million allocation in the Capital Programme for Housing Investment. Although purchasing existing residential properties for renting (buy to let) did not provide sufficient return to be an attractive investment option, the Council currently owned property which could potentially be rented out as residential lettings to generate income.

In order to provide greater flexibility, the Cabinet agreed to the deletion of the words “as residential dwellings” in the above recommendation. It was therefore

RESOLVED: That the principle of setting up a wholly owned holding company and trading companies for the purposes of development; and letting existing and future assets be approved, and the Chief Finance Officer and Executive Member for Finance and IT be given delegated authority to determine the detail of the structure.

97 ITEM REFERRED FROM OVERVIEW & SCRUTINY COMMITTEE: 20 MARCH 2018 - PERFORMANCE MANAGEMENT MEASURES FOR 2018/19

The Cabinet received and considered a referral from the Overview and Scrutiny Committee, made at its meeting held on 20 March 2018, in respect of the Performance Management Measures for 2018/19 (Minute 87 refers):

“RECOMMENDED TO CABINET: That Cabinet considers and formally approves the PIs and any associated targets that will be monitored throughout 2018/19 by Overview and Scrutiny.”

The Executive Member for Finance and IT commented that he would look at the benchmarking issue raised by the Overview and Scrutiny Committee when work commenced on the Performance Management measures for 2019/20

RESOLVED: That the Performance Indicators (PIs) and any associated targets that will be monitored throughout 2018/19 by the Overview and Scrutiny Committee be approved.

98 ITEM REFERRED FROM FINANCE, AUDIT & RISK COMMITTEE: 21 MARCH 2018 - RISK MANAGEMENT UPDATE

The Chairman of the Finance, Audit and Risk Committee presented the following referral from that Committee, made at its meeting held on 21 March 2018, in respect of the Risk Management Update (Minute 80 refers):

“RECOMMENDED TO CABINET: That the reduction in score from a 5 to a 3 of the Office Accommodation Corporate Risk be approved.”

The Executive Member for Finance and IT stated that he was supportive of the recommendation of the Finance, Audit and Risk Committee.

RESOLVED: That the reduction in score from a 5 to a 3 of the Office Accommodation Corporate Risk be approved.

99 ITEM REFERRED FROM FINANCE, AUDIT & RISK COMMITTEE: 21 MARCH 2018 - THIRD QUARTER REVENUE MONITORING 2017/18

RESOLVED: That consideration of this referral takes place in conjunction with agenda item number 8 (see Minute 101 below).

100 STRATEGIC PLANNING MATTERS

The Executive Member for Planning and Enterprise presented the report of the Head of Development and Building Control informing Members of the current position regarding Other Local Plans and Examinations; North Hertfordshire Local Plan; Neighbourhood Plans; Government announcements; and Strategic Planning. The following appendices were submitted with the report:

Appendix A – Response to Central Bedfordshire pre-submission Local Plan consultation; and
Appendix B – Response to Preston draft Neighbourhood Plan consultation.

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

- Central Bedfordshire Council Local Plan – the pre-submission version of their Local Plan was published for consultation from 10 January to 21 February 2018. The NHDC response was attached at Appendix A to the report;
- East Hertfordshire District Council Local Plan – was undertaking a six week main modification consultation between the 15 February and 29 March 2018. Any response to the proposed modifications would be reported to a future meeting;
- Welwyn Hatfield Borough Council Local Plan - – Stage 3 of their examination concentrated on strategic policies and ran from 20 February until 22 February 2018. Stage 4 (site allocations) would take place on 18 and 25 June 2018;
- St. Albans City & District Council Local Plan – following a Draft Issues and Options Consultation (Regulation 18) and ‘Call for’ new housing and employment sites which ran from 9 January to 21 February 2018, the future timetable was set out in the report; and
- Neighbourhood Plans – following a referendum in favour, the Pirton Plan would now be made; Officers were working with Wymondley Parish Council to select an Examiner for their Plan; and the NHDC response to the draft Preston Plan was attached at Appendix B to the report.

In respect of Government announcements, the Executive Member for Planning and Enterprise commented as follows:

- National Planning Policy Framework (NPPF) – the proposed changes were summarised. Officers would be reviewing the proposed changes and, in consultation with the Executive Member, would prepare a response for circulation and/or inclusion in a future report;
- Consultation on Pre-Commencement Regulations – the Officer response to the consultation was summarised in Paragraph 8.4.3 of the report;
- Planning Delivery Fund - NHDC on behalf on Stevenage, East Herts and Welwyn Hatfield Councils submitted an Expression of Interest (Eol) under the Joint Working Fund, focussed on putting in place strong processes to consider long term housing and economic needs; approaches to new settlements; and Growth Delivery Models. The Eol sought £250,000 of funding through to the end of 2018/19 and was successful - officers were currently working on the next steps.

The Cabinet noted that the Local Planning Authorities in South West Hertfordshire (Dacorum, Hertsmere, Three Rivers, Watford and St. Albans) had been discussing the ways in which they could respond to the challenges of future growth demands by examining the options for strategic planning. This approach was confirmed at a meeting of relevant Leaders, Executive

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Members and officers on 23 January 2018 and work was underway with regard to a Memorandum of Understanding (MoU).

In respect of the North Hertfordshire Local Plan, the Executive Member for Planning and Enterprise advised that the Examination Hearing sessions had now been completed. The next step was for NHDC to complete the further work set by the Inspector and submit it as soon as possible; the Inspector also asked for the Main Modifications to be drafted and sent to him as soon as possible; those Main Modifications would then be subject to a six week statutory consultation period (any consultation comments should only relate to those Main Modifications); the Inspector would take into account any consultation comments and representations made during the Hearing sessions when completing his report. The Inspector had not indicated a firm timescale, but had stated that he hoped to complete it promptly once he had received all of the information required.

The Executive Member for Planning and Enterprise explained that the Inspector would then send a draft report to the Council, purely for a factual check of the content. The final version of the Inspector's report would then be submitted to Council, with the Main Modifications, Inspector's comments and his recommendations. The Council would then vote on whether or not to adopt the Local Plan, as modified, and as presented (no further changes could be made to the Plan at this stage).

The Executive Member for Planning and Enterprise reiterated his thanks to the Inspector and his Programme Officer, as well as officers in the Planning Policy Team, who had worked long hours in supporting the Plan through the Examination process. He further thanked all those who had made representations to the Inspector at the various Hearing sessions.

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

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

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

101 THIRD QUARTER REVENUE MONITORING 2017/2018

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

The Chairman of the Finance, Audit and Risk Committee presented the following referral from that Committee, made at its meeting held on 21 March 2018, in respect of Third Quarter Revenue Monitoring 2017/18 (Minute 82 refers):

“RECOMMENDED TO CABINET: That Cabinet be requested and encouraged to carry forward the unallocated Area Committee funds from 2017/18 into 2018/19.”

The Executive Member for Finance and IT referred to Table 2 in the report and advised that it was still the intention to move most of the Planning Services income into an earmarked reserve to mitigate the impact of risks associated with the Council's Local Plan.

The Executive Member for Finance and IT also drew attention to the commentary against the income reduction for NHDC burials for the quarter, which could be a consequence of the recently opened crematorium in Holwell.

In respect of the item referred from the Finance, Audit and Risk Committee, the Executive Member for Finance and IT was informed by the Head of Finance, Performance and Asset

Management that there was a total of £70,000 of Area Committee funds which would not be spent by the end of the financial year (although £33,000 of this had been allocated).

The Executive Member for Finance and IT supported the carrying forward of the unspent Area Committee funds from 2017/18 to 2018/19, but with the proviso that this should not be expected to be an ongoing occurrence each year going forward.

RESOLVED:

- (1) That the report be noted;
- (2) That the changes to the 2017/18 General Fund Budget, as identified in Table 2 and Paragraph 8.2 of the report, and involving a £60,000 increase in net expenditure, be approved;
- (3) That unspent Area Committee funds of £70,000 be carried forward from 2017/18 to 2018/19; and
- (4) That the changes to the 2018/19 General Fund Budget, as identified in Table 2 and Paragraph 8.2 of the report, and involving a £85,000 increase in net expenditure, be approved.

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

102 THIRD QUARTER CAPITAL MONITORING 2017/2018

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

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

The Executive Member for Finance and IT referred to the procurement of the new waste and street cleansing vehicles set out in Table 2 of the report, and commented that the budget would be required to cover the capitalised cost of the vehicles used in the contract.

The Executive Member for Finance and IT drew attention to the ongoing issue of the North Hertfordshire Museum and Community Facility, and that the remaining expenditure would remain on hold until the position of 14/15 Brand Street had been resolved.

RESOLVED:

- (1) That the forecast expenditure of £10.903million in 2017/18 on the Capital Programme, as set out in Paragraph 8.2 of the report, be noted, and the changes detailed in Table 3 of the report, which resulted in a net decrease on the working estimate of £0.028million, be approved;
- (2) That the changes to the Capital Programme for 2018/19 onwards as a result of the revised timetable of schemes detailed in Table 2 of the report, increasing the estimated spend in 2018/19 by £4.139million (re-profiled from 2017/18), be approved; and
- (3) That the position of the availability of capital resources, as detailed in Table 4 of the report, and the requirement to keep the Capital Programme under review for affordability, be noted.

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

103 TREASURY MANAGEMENT THIRD QUARTER MONITORING 2017/2018

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

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

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

104 INFLATIONARY INCREASE IN OFF-STREET CAR PARKING TARIFFS FOR 2018/19

The Executive Member for Policy, Transport and Green Issues presented a report of the Head of Development and Building Control in respect of a proposed inflationary increase in off-street Car Parking Tariffs for 2018/19. The following appendices were submitted with the report:

Appendix A – Summary of car park trend data 2017/18 and recommendations for 2018/19 inflationary adjustment – consultant's report; and
Appendix B – proposed 2018/19 Tariff increases for NHDC Off-Street Car Parks.

In accordance with the Fess and Charges Policy set out in the Medium Term Financial Strategy (MTFS), the Executive Member for Policy, Transport and Green Issues referred to the proposal to increase the Council's car park tariffs for 2018/19, as set out in Appendix B to the report; the proposed increase in season ticket prices for 2018/19 set out in Table 6 of the report; and the proposal not to increase the charges for resident permits, visitor permits, business permits or visitor tickets for resident permit zones for 2018/19.

The Executive Member for Policy, Transport and Green Issues drew attention to the three forecast models for car park usage set out in Paragraph 8.4 of the report, and Paragraph 8.5 showed the budgetary information connected with the proposed inflationary tariff increases. One of the key drivers was to spread the cost of car parking charges across the District in an equal fashion. He stated that one of the successes over the past few years was the "free after 3pm" scheme in all Royston car parks, which it was proposed to retain for 2018/19.

The Executive Member for Policy, Transport and Green Issues advised that, in the main, the 2018/19 increases were 10p above the 2017/18 rates. He did not subscribe to the argument that the tariff increases would discourage the use of Town centre car parks. However, nationally there had been a reduction in car parking in town centres, and so the local position reflected the national decline.

The Executive Member for Community Engagement and Rural Affairs stated that he did not support the proposed tariff increases, and neither did his councillor colleagues in Royston (including Councillors Hill and Green). He felt that the idea behind the MTFS was that there would not be huge tariff increases. However, as far as he was concerned CPI + 2% equated to a 5.1% rise, but it had been rounded up to 10p. For some tariffs, therefore, such as a rise from a 50p to a 60p charge, this was effectively a 20% increase.

The Executive Member for Community Engagement and Rural Affairs therefore considered that this unilateral increase across the District would not aid in the vitality of towns, as all the towns were different. He referred to the general decline of car parking in all of the District's towns, and so less people were visiting town centres. Income had held up to some small degree in Hitchin and Letchworth Garden City, but not so in Royston.

The Executive Member for Community Engagement and Rural Affairs considered that increase would drive people out of the town centres, and that it was evident that town centres were becoming service-led, with users not visiting a specific shop, but obtaining a service. He felt that users would not wish to pay the increased tariffs and would look to obtain the service out of town or on the edge of town.

The Executive Member for Community Engagement and Rural Affairs referred to the “free after 3pm” scheme information set out in Paragraph 11.3 of the report, and commented that the £13,000 loss of income figure stated was probably a guess, as there had been no estimate of usage at the time that the scheme was introduced.

The Executive Member for Community Engagement and Rural Affairs stated that the impact of the proposed tariff increases would not be apparent until at least six months’ time, but he foresaw a gradual decline in parking in the Royston car parks.

The Executive Member for Finance and IT accepted that the nature of town centres was changing, with the proliferation of service-led retailers. The Council had a MTFs which stated that fees and charges would be increased by CPI + 2%, although it had never been intended that every price level in every policy would be increased by this amount, and that this logic had never been applied to the parking charging policy.

The Executive Member for Policy, Transport and Green Issues drew attention to the fact that Royston, in common with Knebworth, had the lowest parking charges across the District. If charges were not increased in Royston, then they would have to be increased elsewhere, and there would no doubt be objections from the other towns that they were effectively subsidising Royston. The car park usage and income generation figures would be looked at going forward, and he hoped that the Executive Member for Community Engagement and Rural Affairs’ prediction of a reduction in usage would not be realised.

RESOLVED:

- (1) That the proposed off-street car park tariffs for 2018/19, as set out in Tables 1 to 5 of Appendix B of the report, be adopted;
- (2) That the proposed increase in season tickets prices of 5.1%, for 2018/19, as set out in Table 6 at Paragraph 9.2 of the report, be agreed for each of the Council’s long stay car parks in Hitchin, Letchworth Garden City and Royston;
- (3) That it be agreed not to increase the charges for resident permits, visitor permits, business permits or visitor tickets for resident permit zones for 2018/19; and
- (4) That the proposed tariff changes, as agreed in Resolutions (1) and (2) above, be implemented as soon as practicable, and that officers, in consultation with the Executive Member for Policy, Transport and Green Issues, proceed with the implementation as required.

REASON FOR DECISION: To effectively manage the use of the car parks in accordance with the Council’s Fees and Charges Policy as set out in its Medium Term Financial Strategy (MTFS).

105 DISTRICTWIDE SURVEY 2017 - KEY FINDINGS AND ACTIONS

The Cabinet Chairman presented a report of the Chief Executive in respect of the key findings and actions arising from the District Wide Survey 2017.

The Cabinet Chairman advised that the biennial District Wide Survey was one of the mechanisms for seeking the views of residents on a range of NHDC services and issues. The

2017 survey had been carried out by BMG, an independent research company commissioned by the Council. The survey was weighted by area, age, gender, working status and ethnicity to ensure that it was representative of the District's residents.

The Cabinet Chairman stated that the questions asked remained consistent with questions in previous surveys, in order to allow benchmarking from year to year. Comparison with previous years were made throughout the survey report. The results would be used by the Senior Management Team and Executive Members to inform future service delivery and service action plans. The figures and tables in the report were extracted directly from the BMG survey report.

The Cabinet Chairman commented that 95% of respondees were satisfied with North Hertfordshire as a place to live, and 63% of that 95% were very satisfied. This compared very favourably with the Local Government Association (LGA) national statistics. 75% of respondees had expressed satisfaction with the Council's performance.

The Cabinet Chairman explained that those residents who had expressed dissatisfaction had also been asked to indicate why they were dissatisfied. 19% felt that the Council should consult and listen more, reduce planning permissions, and to stop building houses. 16% had asked for improved communication.

The Cabinet Chairman drew attention to Paragraph 8.3.1 in the report, which showed how residents normally obtained information about the Council. The highest proportion obtained information from the NHDC website (59%), followed by local newspapers and the Council's Outlook magazine.

In considering the report, Cabinet considered that future reports should contain some LGA national benchmarking comparisons on resident satisfaction. It was further felt that there should be a review of some of the questions asked in the next survey.

The Cabinet Chairman referred to a minor amendment to replace the word "how" with "that" in Recommendation 2.2 of the report.

RESOLVED:

- (1) That the key findings and observations from the District Wide Survey 2017 be noted; and
- (2) That it be noted that the results will be used by the Senior Management Team, in conjunction with Executive Members, to inform the service planning process and to update relevant performance measures.

REASON FOR DECISION: To ensure that the Cabinet is aware of the results and any trends from the survey and previous surveys and how the results will be used to inform future service delivery.

106 GREEN SPACE MANAGEMENT STRATEGY

[Prior to the consideration of this item. Councillor Tony Hunter made a Declarable Interest, as he was personally involved in a business case for the retention of Betjeman Road and Farrier Court play areas in Royston. Following advice, he stated that he would remain in the meeting for the debate on the other items, and withdraw from the meeting immediately prior to the debate on the Royston items and vote on the report recommendations. Due to the uncertainty that this caused, Councillor Hunter was then advised during the item to leave the meeting for the ongoing debate and vote.*]

The Executive Member for Leisure presented a report of the Head of Leisure and Environmental Services in respect of an update on the future management and maintenance

of facilities identified in the Green Space Management Strategy. The following appendices were submitted with the report:

- Appendix A – Communication Plan;
- Appendix B – Relevant committee discussions or decisions;
- Appendix C – Play Area guide;
- Appendix D – Timeline of actions; and
- Appendix E – Impact Assessment.

The Executive Member for Leisure advised that over a year ago the Cabinet had reviewed the Council's Green Space Management Strategy, necessitated by the fact that the Council would be unable to sustain its green spaces to previous levels due to diminishing capital resources.

The Executive Member for Leisure stated that the hard decision taken had been to rationalise the play area and pavilion provision across the District. 13 play areas (out of 47) had been identified as having less use, and were earmarked for closure; and 4 pavilions were in a dangerous condition, requiring a significant capital investment were they to be retained, and hence had been identified for demolition.

The Executive Member for Leisure explained that, rather than implement these measures immediately, residents and other groups should be given until 1 March 2018 to work with officers to devise ways in which to take on the maintenance of these facilities, but not at the Council's expense. There had been some positive outcomes, as set out in the report, but not in all areas. She thanked the Parks and Countryside Manager for his work in engaging with residents and groups in order to seek a way forward for the facilities.

In respect of the pavilions, the Executive Member for Leisure commented that officers had met with 9 different groups who had expressed an interest in taking over various pavilions. One had put forward a business case to take on the Bakers Close, Baldock pavilion, and all other groups had withdrawn their interest. Further work would be required with the Bakers Close group, and hence it was recommended that a further 3 month extension of time be given to finalise the details. In the absence of similar plans for the other 3 pavilions, it was therefore recommended that these be demolished and reverted to green space.

In relation to play areas, the Executive Member for Leisure, over 130 individuals of community groups had been in contact expressing an interest. Notices were displayed in each of the affected play areas and a play area guide was produced. Potential sustainable solutions had been found to retain some of the 13 play areas earmarked for closure, at nil cost to the Council, as follows:

- the Great Ashby Community Council had agreed to provide funding for 3 play areas;
- a proposal to fund the Jackmans play area in Letchworth Garden City was put forward and then subsequently withdrawn;
- the proposed new housing development on the edge of Hitchin would mean there was a reasonable chance of a new play area being provided (and so the Rosehill play area would remain open up to April 2022 or earlier should the play area associated with the new development be provided before that date); and
- the Fairfield Crescent, Great Ashby play area would no longer be considered and managed as a formal play area, with the existing facilities being monitored and managed as part of the overall green space.

In respect of the other play areas, the Executive Member for Leisure stated that the report indicated that Ivel Road, Baldock, Dacre Road and Symonds Road Hitchin, and Jackmans Recreation Ground, Linnet Close and Oaktree Close, Letchworth would be closed, the equipment removed, and the areas returned to green space.

Following representations made at the Overview and Scrutiny Committee regarding usage of the Symonds Road, Hitchin play area and the comments made by Mrs Oliver under Public

Tuesday, 27th March, 2018

Participation earlier in the meeting in respect of the Linnet Close, Letchworth play area, the Executive Member for Leisure recommended that the Council allowed a period of up to three months to assess whether a business case could be developed with local community groups for retention of these play spaces. The Cabinet supported this recommendation.

*At this point in the proceedings, Councillor Hunter withdrew from the meeting for the remainder of this item.

With regard to Royston, the Executive Member for Leisure commented that, again, she was recommending that the Council allowed a period of time of up to three months for the confirmation of funding sources from third parties for the retention of the Betjeman Road and Farrier Court play areas. The Cabinet supported this recommendation.

RESOLVED:

- (1) That a three month period of time be given for the evaluation of the business case submitted by Templars Football Club for the football changing pavilion at Bakers Close, Baldock;
- (2) That, subject to the sustainability of the business case, the decision to enter into a lease with Templars Football Club or to demolish the building be delegated to the Head of Finance, Performance & Asset Management and the Head of Leisure & Environmental Services;
- (3) That the football changing rooms at St. Johns Road, Cadwell Lane and Walsworth Common, Hitchin be demolished and returned to green space;
- (4) That the Council enters into a contract with Great Ashby Community Council for them to fund the maintenance and replacement of equipment for the play areas at Chilterns, Cleveland Way and Merrick Close, Gt. Ashby;
- (5) That the Council continues to maintain the play equipment at Rosehill, Hitchin up to April 2022, or an earlier date if a new play area is provided in the locality by an independent provider, at nil cost to the Council. The existing Rosehill play area will then be decommissioned;
- (6) That for Betjeman Road and Farrier Court play areas Royston, the Council allows a period of time of up to three months for confirmation of funding sources from third parties; and for Symonds Road, Hitchin and Linnet Close, Letchworth, the Council allows a period of up to three months to assess whether a business case could be developed with local community groups;
- (7) That the equipment be removed from play areas at Ivel Road, Baldock, Dacre Road Hitchin, and Jackmans Recreation Ground and Oaktree Close, Letchworth. Sites to be landscaped as green space and, where appropriate, include elements of natural play such as grass mounds, logs and benches; and
- (8) That the play area at Fairfield Crescent, Great Ashby be no longer be considered and managed as a formal play area. The existing facilities will be monitored and managed as part of the overall green space.

REASON FOR DECISION: To enable the retention of the green space within the budgets available to the Council.

107 FUTURE MANAGEMENT OF HITCHIN MARKET

[Note: This item was considered both before and after Minute 110 below - the Part 2 item on the same matter.]

The Executive Member for Leisure presented the Part 1 report of the Deputy Chief Executive in respect of the Future Management of Hitchin Market.

The Executive Member for Leisure advised that the report was a follow up to the report to Council on 8 February 2018 regarding the Churchgate Centre and Hitchin Market. The report considered the future management arrangements for the market, as the existing contract with Hitchin Markets Limited ended on 31 July 2018.

The Executive Member for Leisure stated that the recommendations in the report were that the Cabinet deferred a decision on whether or not to manage Hitchin Market in-house until there was greater clarity on the deliverability of the proposals for the Churchgate Centre and Hitchin Market and further consideration had been given to the model for operating the market in-house; and that Deputy Chief Executive, in consultation with the Head of Leisure and Environmental Services, the Executive Member for Finance and IT and the Executive Member for Leisure, be authorised to agree with Hitchin Markets Limited the terms of an extension of their existing management contract in the short term.

The Executive Member for Leisure explained that, since the 8 February 2018 Council meeting, officers had met again with Hitchin Market Limited, underscored by the fact that both parties agreed that Hitchin should continue to benefit from a vibrant market. In the meantime, the Council had launched a survey, focussing on current use of the Churchgate Centre and market, what types of operator would be preferred, and whether or not the regeneration proposals were supported.

The Executive Member for Leisure advised that, since Hitchin Market Limited took over the running of the market contract, minimal investment had been made, due to the nature of the operating model. As part of the arrangements an annual payment of £24,000 had been made to the Council. She felt that, without transformative investment into the market, it was difficult to envisage how the current situation would improve.

The Executive Member for Leisure explained that the Association for Public Service Excellence had recently undertaken a questionnaire to seek Local Authorities' thoughts and experiences on insourcing. This demonstrated that Circa 73% had or were considering insourcing. When asked what were the main reasons for insourcing, the top four reasons given were:

- Need to improve efficiency and reduce service cost;
- Need to improve service quality;
- Austerity budgeting/need to reduce spend on external contracts; and
- Need to have a more flexible service.

The Executive Member for Leisure advised that the plan appended to the Council report had shown an indicative layout for the market stalls, but this was not intended to be cast in stone. There remained a number of key issues relating to an in-house management operation which needed to be further investigated before Cabinet could take a fully informed decision, and these were set out in Paragraph 8.3 of the report. Additionally, consideration could still be given to any alternative proposals put forward by Hitchin Market Limited.

The Executive Member for Finance and IT advised that the Council would have needed to look into the running of the market regardless of the regeneration proposals for Churchgate. However, he commented that the Council was not dissatisfied with the current arrangements.

The Deputy Chief Executive confirmed that the Local Enterprise Partnership (LEP) Board met on 22 March 2018 to consider the Council's bid for funding towards the regeneration scheme, the outcome of which should be received by the end of March 2018.

RESOLVED:

- (1) That a decision on whether to manage Hitchin market in-house be deferred, until there is greater clarity on the deliverability of the proposals for the Churchgate Centre and Hitchin Market and further consideration has been given to the model for operating the market in-house; and
- (2) That the Deputy Chief Executive, in consultation with the Head of Leisure and Environmental Services, the Executive Member for Finance and IT and the Executive Member for Leisure, be authorised to agree with Hitchin Markets Ltd the terms of an extension of their existing management contract in the short term.

REASON FOR DECISION: To await greater clarity on the deliverability of the proposals for the Churchgate Centre and Hitchin Market and further consideration has been given to the model for operating the market in-house.

108 PROPOSED CREMATORIUM AT WILBURY HILLS - PROGRESS UPDATE

[Note: This item was considered both before and after Minute 111 below - the Part 2 item on the same matter.]

The Executive Member for Waste Management, Recycling and Environment presented the Part 1 report of the Head of Leisure and Environmental Services in respect of the proposed Crematorium at Wilbury Hills, Letchworth Garden City.

The Executive Member for Waste Management, Recycling and Environment advised that set out in the report was the Heads of Terms of the lease for the prospective tenant of the proposed Crematorium. The report had been considered by the Overview and Scrutiny Committee, and no recommendations were made in addition to those contained in the report.

The Executive Member for Waste Management, Recycling and Environment was mindful of the timescales for completion of the development, and it was therefore encouraging that the prospective tenant wished to proceed swiftly. It was envisaged that it would take 13 weeks to secure outline planning permission from the Council and Central Bedfordshire Council, following which the tenant would take over the development of the crematorium, including its costs and its risks. This would include obtaining detailed planning permission and progressing the construction works through to practical completion. Once the crematorium was in operation, the Council would receive a percentage of the turnover and receive an income from ground rent.

The Executive Member for Waste Management, Recycling and Environment stated that the prospective tenant had already provided an indicative timetable, which showed that completion should take place at the end of 2020, dependent on any legal challenge to either the outline or detailed planning permissions.

The Executive Member for Waste Management, Recycling and Environment explained that the prospective tenant had a Board meeting in the near future, and it had been indicated that the proposal would be approved should Cabinet agree to the recommendations in the report.

The Executive Member for Waste Management, Recycling and Environment commented that on only had to look at the scale of the proposed additional housing for North Hertfordshire and Central Bedfordshire to appreciate the need for a new crematorium. This was also borne out by research undertaken by the Council, Central Bedfordshire Council and the prospective new tenant.

RESOLVED:

- (1) That progress made to date be noted, and the heads of terms for the proposed lease, option agreement and agreement for lease, as set out in Section 8 of this report and Section 8 of the Part 2 report, be approved; and
- (2) That the Head of Leisure and Environmental Services, in consultation with the Council's Contracts Lawyer and Head of Finance, Performance and Asset Management, be authorised to:
 - complete the option agreement to reflect the heads of terms in the report; and
 - complete the agreement for lease and the lease in due course, in the event that the prospective tenant exercises the option.

REASON FOR DECISION: To progress the development of a Crematorium at Wilbury Hills, Letchworth Garden City.

109 EXCLUSION OF PRESS AND PUBLIC

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

110 FUTURE MANAGEMENT OF HITCHIN MARKET

[Note: this item was considered after Minute 107, but before a decision was made on the matter in Part 1 of the meeting.]

The Executive Member for Leisure presented the Part 2 report of the Deputy Chief Executive in respect of the Future Management of Hitchin Market. The following appendices were submitted with the report:

Appendix A – Hitchin Markets Ltd finances; and
Appendix B – Draft costs of Council in-house operation.

RESOLVED: That the contents of the report be noted.

REASON FOR DECISION: To consider commercially sensitive information to inform the decision making on proposals for the future management of Hitchin Market.

111 PROPOSED CREMATORIUM AT WILBURY HILLS - PROGRESS UPDATE

[Note: this item was considered after Minute 108, but before a decision was made on the matter in Part 1 of the meeting.]

The Executive Member for Waste Management, Recycling and Environment presented the Part 2 report of the Head of Leisure and Environmental Services in respect of the proposed Crematorium at Wilbury Hills, Letchworth Garden City.

RESOLVED: That the contents of the report be noted.

REASON FOR DECISION: To ensure that the Cabinet is made aware of the commercially sensitive in respect of the proposed Crematorium at Wilbury Hills, Letchworth Garden City.

112 **OPTIONS FOR HOUSING INVESTMENT COMPANY**

[Note: this item was considered after Minute 96, but before a decision was made on the matter in Part 1 of the meeting.]

The Cabinet considered the Part 2 report of the Deputy Chief Executive which had been previously considered by the Cabinet Sub-Committee (Local Authority Trading Companies' Shareholder) at its meeting held on 15 March 2018 in respect of Options for a Housing Investment Company. The following appendices were submitted with the report:

Appendix A – Outline Business Case and Addendum; and
Appendix B – Initial Assessment of Potential Development Sites.

RESOLVED: That the contents of the report be noted.

REASON FOR DECISION: To consider commercially sensitive information to inform the decision making on proposals for a housing investment company.

The meeting closed at 10.57 pm

Chairman

CABINET
19 JUNE 2018

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| *PART 1 – PUBLIC DOCUMENT | AGENDA ITEM No. 7 |
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TITLE OF REPORT: STRATEGIC PLANNING MATTERS

REPORT OF THE SERVICE DIRECTOR – REGULATORY SERVICES
 EXECUTIVE MEMBER: COUNCILLOR DAVID LEVETT
 COUNCIL PRIORITY: PROSPER AND PROTECT

1. EXECUTIVE SUMMARY

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

- Other Local Plans and Examinations
- North Hertfordshire Local Plan
- Neighbourhood Plans
- Government announcements
- Strategic Planning
- Chilterns AONB

2. RECOMMENDATIONS

2.1 That the report on strategic planning matters be noted.

2.2 That the submissions in appendix A and B are noted and endorsed by Cabinet.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To keep Cabinet informed of recent developments on strategic planning matters and progress on the North Hertfordshire Local Plan.
- 3.2 In March 2016 Cabinet agreed to authorise the Head of Planning and Building Control, in consultation with the Executive Member for Planning and Enterprise to enter into formal Memoranda of Understanding (or equivalent) between North Hertfordshire District Council and other prescribed bodies under the Duty to Co-operate.

4. ALTERNATIVE OPTIONS CONSIDERED

4.1 None.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

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

6. FORWARD PLAN

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

7. BACKGROUND

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

8. RELEVANT CONSIDERATIONS

8.1 Other Plans and Examinations

- 8.1.1 **Central Bedfordshire Council** – submitted their Local Plan to the Secretary of State on 30 April for independent examination. Inspector Mike Hayden has been appointed to undertake the examination. On early reading of the Plan, the Inspector has asked Central Bedfordshire to undertake further work in relation to the environmental assessment of their plan. The hearings timetable will not be issued until this requirement is addressed.

- 8.1.2 **East Hertfordshire District Council** – undertook a six week main modification consultation on their Local Plan between the 15 February and 29 March 2018. Officers prepared a representation in consultation with the Executive Member; see copy attached as Appendix A.

As previously advised, the main modifications include an increase in housing need from 16,390 to 18,458, 839 new homes per year and a target for the creation of new jobs of 10,800 over the Plan period (2011- 2033).

- 8.1.3 **Welwyn Hatfield Borough Council** – The Stage 4, site allocations hearing sessions are due to take place the week commencing 25 June. These sessions will consider policies in their Plan on Welwyn Garden City and Hatfield including proposed housing allocations. Welwyn Hatfield is in the process of completing additional work on Green Belt, infrastructure and housing at the request of the Inspector.

- 8.1.4 **Stevenage Borough Council** – There is no further update on the holding direction by The Secretary of State which was issued on 13 November 2017.

- 8.1.5 **St. Albans City & District Council** – are in the process of preparing their draft Regulation 19 Local Plan for approval by their Cabinet in June for public consultation. St. Albans have requested a duty to co-operate meeting with NHDC to discuss their draft Plan. This will take place in the next couple of months.

8.2 North Hertfordshire Local Plan

- 8.2.1 Following the closing of the Examination in Public officers have been in the process of completing the actions and additional information as requested by the Inspector; these actions can be seen at: <https://www.north-herts.gov.uk/planning/planning-policy/local-plan/local-plan-examination/examination-actions>

- 8.2.2 Additional information and a proposed schedule of draft modifications were submitted to the Inspector at the beginning of June for his consideration. The Inspector will then take

a view on whether he will require any further information on any of the matters examined at the hearing sessions. It will be for the Inspector to advise the Council on the timetable for the next steps, including the issuing of the proposed main modifications, which would then be subject to Member approval to carry out a six week consultation period.

8.3 Neighbourhood Plans

8.3.1 Following the successful outcome of the referendum on the Pirton Neighbourhood Plan in March 2018, the Council has now “made” the Plan through delegated powers. The decision (as published in MIS) was taken by the Executive Member for Planning and Enterprise and the Head of Development and Planning and was formally published on 27 April 2018.

8.3.2 Officers are working with Wymondley Parish Council to select an Examiner for the examination of their neighbourhood plan. The Council identifies a choice of Examiners for the Parish Council to consider, then based upon the Parish Councils recommendation the Council procures and appoints the Examiner.

8.3.3 Preston Parish Council formally submitted their neighbourhood plan in April 2018, for public consultation. Officers have checked the documentation against the Neighbourhood Planning (General) Regulations 2012 (as amended) and are satisfied that these comply with the Regulations. The Regulations state that as soon as possible after receiving a plan proposal which includes each of the requisite documents, the local planning authority must undertake consultation on that plan.

8.3.4 Delegated officer approval to undertake public consultation on the Preston Neighbourhood Plan proposed submission document has been sought. The consultation commenced on 27 May and will run for 6 weeks until 5 July 2018. This does not preclude the Council from making its own representation to the plan during the consultation. The consultation documents can be found at:

<https://www.north-herts.gov.uk/home/planning/planning-policy/neighbourhood-planning/approved-neighbourhood-areas-preston>

8.3.5 Any verbal updates on neighbourhood planning issues will be reported at the meeting.

8.4 Government Announcements

8.4.1 National Planning Policy Framework (NPPF) – As previously advised the Ministry of Housing, Communities & Local Government published its consultation on a revised NPPF on Monday 05 March with the consultation running until Thursday 10 May 2018. The text of the NPPF has been revised to implement policy changes previously consulted upon in the Housing White Paper (February 2017), *Fixing our Broken Housing Market*, and the September 2017 consultation, *Planning for the right homes in the right places*.

8.4.2 Alongside the revised draft NPPF, the Government also consulted on proposed changes to the ways in which developer contributions can be sought through the planning system using Section 106 agreements and / or Community Infrastructure Levy. The outcomes of this process will help inform a decision on the best approach to developer contributions in North Hertfordshire later in 2018.

8.4.3 Officers prepared a response to the above documents in consultation with the Executive Member; see copy attached as Appendix B(1) and B(2).

8.5 Strategic Planning

- 8.5.1 The Local Planning Authorities in South West Hertfordshire (Dacorum, Hertsmere, Three Rivers, Watford and St. Albans) have been discussing the ways in which they can respond to the challenges of future growth demands by examining the options for strategic planning.
- 8.5.2 The approach of the South West Hertfordshire authorities is in line with emerging advice in the revised draft NPPF which encourages closer joint working on strategic plan-making matters, building on the existing requirements of the Duty to Co-operate.
- 8.5.3 Arrangements for joint working in the north-east of the County are currently more informal. The Council completes projects and agreements with surrounding authorities on an ad-hoc / as required basis. NHDC recently secured an allocation from the Ministry of Housing and Local Government's Planning Delivery Fund jointly with East Hertfordshire, Stevenage and Welwyn Hatfield Councils. Consultants have been appointed to carry forward this work. This will include looking at future options for the consideration and governance of strategic planning matters between the four authorities.

8.6 Chilterns Area of Outstanding Natural Beauty

- 8.6.1 North Hertfordshire together with Hertfordshire County Council, Dacorum Borough Council and Three Rivers District Council, along with the other local authorities that fall within the Chilterns AONB boundary and the Chilterns Conservation Board have received a letter from MP Rt Hon Dame Cheryl Gillan seeking our opinion regarding the merits of exploring the opportunity of the Chilterns AONB becoming a National Park. HCC are in the process of preparing a report on behalf of the Hertfordshire authorities and are currently seeking the views of the relevant authorities. (See copy of the MP Letter attached at [Appendix C](#))
- 8.6.2 It is the officers' initial view that NHDC should support exploring the initiative in principle, whilst making the following points:
- The part of the Chilterns AONB east of Luton that falls within the NHDC boundary is physically detached and relatively small in comparison to the main part of the Chilterns AONB which is located to the west of Luton (See copy of map attached at [Appendix D](#)).
 - If the whole of the Chilterns AONB were to be designated as a National Park, it would be in North Herts interests to expect any future National Park to be physically contiguous to ensure it was a practical and workable organisation in administrative terms. This would include resolution of the application for a potential extension of the AONB into land between Luton and Hitchin which has been held in abeyance for a number of years since it was submitted to Natural England for consideration.
- 8.6.3 It is to be noted that National Park status represents a step-up in powers and responsibilities and have wider ranging functions, powers and responsibilities than AONBs. They have their own independent National Park authorities with full planning powers running them. This would mean that NHDC would have to relinquish its planning powers for that part of the Chilterns AONB that falls within North Herts.

8.6.4 It therefore may be preferable to suggest that that any future National Park would be better focused to the west of Luton. Officers in consultation with the Executive Member will be preparing a separate response to the MP letter.

9. LEGAL IMPLICATIONS

9.1 Under the Terms of Reference for Cabinet Paragraph 5.6.18 of the Constitution states that the Cabinet should exercise the Council's functions as Local Planning Authority except where functions are reserved by law to the responsibility of the Council or delegated to the Strategic Director of Planning, Housing and Enterprise.

9.2 The preparation of plans, up to and including the approval of the proposed submission documents, are Cabinet matters. Submission of the draft Local Plan to the Secretary of State for Examination and final adoption of Local Plan documents shall be a matter for Full Council.

9.3 Section 110 of the Localism Act 2011 sets out (by amendment to the Planning & Compulsory Purchase Act 2004) the duty to co-operate between local planning authorities and other prescribed bodies, to maximise the effectiveness in the preparation of development plan and other local development plan documents, so far as they relate to a strategic nature. These bodies should consider if they are able to work together jointly on such matters and must have due regard to any guidance given by the Secretary of State.

9.4 The Localism Act 2011 provided a new statutory regime for neighbourhood planning. The Neighbourhood Planning (General) Regulations 2012 (as amended) make provisions in relation to that new regime. It does amongst other things set out the Council's responsibility (as the Local Planning Authority) in assisting communities in the preparation of neighbourhood development areas, plans and order and to take plans through a process of examination and referendum.

10. FINANCIAL IMPLICATIONS

10.1 The costs of preparing the Local Plan and running the examination are covered in existing approved revenue budgets for 2017/18 and 18/19. Officers are monitoring the impact of the extended Examination and the subsequent increase in costs. A financial risk has also been included for 2018/19 for this additional further work. Future costs such as that associated with any modifications to the Plan cannot be quantified at this time.

10.2 Following the setting of the referendum for the Pirton Neighbourhood Plan, the Council has been successful in its application for £20k funding from the Ministry of Housing, Communities and Local Government (MHCLG) to cover its costs and support other Plans coming forward. The MHCLG has now confirmed that financial support will be available in 2018/19 for local planning authorities once a date has been set for a referendum following a successful examination. A financial risk has been included for 2018/19 for any further work on Neighbourhood Planning that is not covered by the current reserve or future grants.

11. RISK IMPLICATIONS

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

12. EQUALITIES IMPLICATIONS

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

13. SOCIAL VALUE IMPLICATIONS

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

14. HUMAN RESOURCE IMPLICATIONS

- 14.1 There are no new human resource implications arising from the contents of this report. The planning service has been carrying a number of vacancies. Agency staff of the right experience and competencies have been employed where available to assist the team through the Examination stage of the Local Plan examination. Three new, permanent members of staff have now been appointed across the Planning service and will all take up their duties by the middle of June.
- 14.2 As the Examination timetable has been extended and there has been on-going work required as a result of the hearing sessions, Planning Policy officers have been focusing full time on the Local Plan. Given this heavy and complex on-going workload that the examination process generates and the staff shortages currently within the service, officers have not been available or able to undertake work on any other projects. A new Planning Policy Officer has been successfully recruited to start with the Strategic Planning team in mid June. The Director of Regulatory Services and relevant service managers are meeting regularly to review workloads and will be keeping the relevant Executive Members up to date with regard the impact upon other projects and day to day workload.

15. APPENDICES

- 15.1 Appendix A: Response to East Hertfordshire Proposed Main modifications consultation.
- 15.2 Appendix B(1): Response to NPPF Consultation.
- 15.3 Appendix B(2): Response to Developer Contributions Consultation.
- 15.3 Appendix C: Copy of Chilterns AONB MP letter.
- 15.4 Appendix D: Map showing extent of Chilterns AONB.

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17. BACKGROUND PAPERS

17.1 None.

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**Copy of submission made by NHDC on Line to East Hertfordshire District Council
Local Plan Main modifications Consultation – 29.03.2018**

This response is submitted by North Hertfordshire District Council (NHDC) for information purposes in relation to secondary education provision around Stevenage.

It is for the Inspector examining the EHDC plan to come to her own view on the level of certainty required over future infrastructure provision in the latter years of the plan period. Planning Practice Guidance recognises that less detail on infrastructure may be provided for later stages of the plan period as the position is likely to be less certain¹. Policy DEL1 of the EHDC plan (as proposed to be amended) already contains provisions, should they be necessary, for circumstances where there is a “changed outlook for the realistic prospects of delivery of infrastructure to support development”.

Hertfordshire County Council (HCC) in its role as education authority assesses future requirements for education provision on the basis of school place planning areas (SPPAs). Site EOS1 lies within the Stevenage SPPA, along with the whole of Stevenage Borough and part of NHDC.

NHDC’s new Local Plan is currently undergoing its own examination. The NHDC Plan makes provision for 8 forms of entry of additional secondary school-aged provision within the Stevenage SPPA². This meets the numerical requirement that has been identified by HCC to serve the future needs of SPPA. This requirement takes account of the cumulative secondary education needs that HCC project will arise from the development of all sites proposed within the Stevenage SPPA, including EOS1.

NHDC consider that the approach set out in its own submitted Plan – which splits potential future secondary education provision across two sites within the District – is both deliverable and sound and has approached its own examination on this basis. However, the proposed format and locations of provision in NHDC are subject to outstanding objections from HCC, who also consider that NHDC have failed to comply with the Duty to Co-operate.

The question of secondary education provision generally, and in the Stevenage SPPA specifically, has been considered at the NHDC examination in hearing sessions held on 16 November 2017 and 26 February 2018. To date, the Inspector examining the NHDC plan has not requested that NHDC undertake any additional work, propose any Main Modifications to alter the secondary education strategy for the Stevenage SPPA in the plan as submitted or otherwise seek to accommodate the objections of HCC on this matter.

However, until such time as the Inspector examining the NHDC Plan issues his report (or, potentially, issues Main Modifications demonstrating that he is not minded to seek substantive changes on this issue), there remains an element of uncertainty.

¹ Planning Practice Guidance, How can the local planning authority show that a Local Plan is capable of being delivered including provision for infrastructure?, Paragraph: 018 Reference ID: 12-018-20140306, <https://www.gov.uk/guidance/local-plans--2>

² One form of entry (FE) is a class of 30 children at each age-group.

Notwithstanding the above, evidence submitted to the NHDC examination by HCC sets out their view that, on current development trajectories, it would not be necessary to establish a wholly new secondary school of any type within the SPPA / NHDC until 2029³. HCC presently forecast that demand until this point can be accommodated through the expansion and re-use of existing premises within Stevenage as allowed for in Stevenage's own plan, and found sound by the Stevenage Inspector's report.

NHDC have additionally identified in our own examination hearings that, given the long-term nature of the need, other options for secondary school provision may become available in the intervening period and that this issue should be kept under review by HCC and the three affected local planning authorities. By way of example, NHDC's own plan proposes the removal of further land from the Green Belt to the west of Stevenage and 'safeguarding' it for potential strategic-scale, residential-led development in the period after 2026 subject to a future review of the plan.

Under proposed new statutory arrangements, the local plans of all three authorities in the SPPA would, if adopted, need to be reviewed by the mid-2020s at the latest. This would provide further opportunity for a formal re-appraisal of the situation through the plan-making process.

³ HCC (Education) Statement to Matter 10/11 – Stevenage (Great Ashby), Appendix A, <https://www.north-herts.gov.uk/planning/planning-policy/local-plan/local-plan-examination/hearing-timetable-and-statements-week-7>



9 May 2018

Draft revised National Planning Policy Framework Consultation, Ministry of Housing, Communities & Local Government

Our Ref:
Your Ref:

By Email

Contact Officer: Nigel Smith
Direct Line: 01462 474847
E-mail: nigel.smith@north-herts.gov.uk

Dear Sir / Madam,

Draft revised National Planning Policy Framework

Thank-you for the opportunity to comment on the proposed revisions to the National Planning Policy Framework (NPPF). North Hertfordshire District Council (NHDC) has participated in the production of and supports the submissions made by the Hertfordshire Infrastructure & Planning Panel (HIPP) on behalf of Hertfordshire County Council and the 10 constituent District and Borough authorities.

NHDC's own further comments are provided below. Only those specific questions to which the Council wishes to respond are identified.

Q1 Do you have any comments on the text of Chapter 1?

The amendments seem sensible on the whole. However, the proliferation of 'other material considerations' is diluting the original intention of the NPPF to streamline Government planning guidance into a single document.

Amending Planning Practice Guidance to maintain an up-to-date list of relevant statements (with links) that are considered material in the context of the NPPF would be helpful in this regard.

Q2 Do you agree with the changes to the sustainable development objectives and the presumption in favour of sustainable development?

Removing references to 'quality of life' and 'improving quality of life' weakens the protection provided to human health and well being within the planning regime.

The intentions of the amendments to the presumption in favour of sustainable development are broadly supported. However, some of the proposed wording is open to interpretation and will require resolution through appeals and / or the courts.

This is counter to the NPPF's own guidance (as proposed to be amended) that our own Plans should "contain policies that are clearly written and unambiguous, so it is evident how a decision maker should react" (Paragraph 16(d)). In particular:

- 11(b)(i) – the meaning of a "strong reason" for restricting development in plan-making terms is unclear and there seems no particular reason for differentiating this from the "clear reason" required in 11(d)(i) to resist planning applications. It is clearly the intention that these phrases have different meanings otherwise different words would not have been used;
- 11(d) – similarly "the policies which are most important for determining the application" will be subject to lengthy debate in s.78 appeals. It is also unclear how the policies which are 'not the most important' for determining the application would apply in such cases.

Q4 Do you have any other comments on the text of Chapter 2, including the approach to providing additional certainty for neighbourhood plans in some circumstances?

The introduction at Paragraph 14(b) of a more generous threshold for land supply in areas with neighbourhood plans will result in two-tier planning policy in authorities with incomplete neighbourhood plan coverage.

If paragraph 75 (on delivery) is engaged, areas with neighbourhood plans will enjoy stronger protections than areas without neighbourhood plans. Areas with no neighbourhood plan will come under significant pressure from speculative applications seeking to benefit from the provisions of paragraph 11.

If the intention is to incentivise neighbourhood-plan making and / or the proactive identification of sites through neighbourhood plans, this does not seem to be the best means of achieving it.

Q5 Do you agree with the further changes proposed to the tests of soundness, and to the other changes of policy in this chapter that have not already been consulted on?

Q6 Do you have any other comments on the text of Chapter 3?

The definition of strategic policies in paragraphs 20 to 25 is broadly welcomed. However, this does not necessarily clearly resolve the relevant basic conditions test imposed upon neighbourhood plans. This requires them to be in general conformity with the strategic policies of the local plan.

Current Planning Practice Guidance states that

The basic condition addresses strategic policies no matter where they appear in the development plan. It does not presume that every policy in a Local Plan is strategic or that the only policies that are strategic are labelled as such.

Although the proposed revisions to Planning Practice Guidance appear to delete this advice, it seems likely that this wider interpretation may still be open to lengthy and expensive debate through examinations, appeals and / or the courts.

Failing to mention 'reducing pollution' within point (f) of Paragraph 20 is an error that should be corrected.

The review mechanisms for Local Plans in paragraph 23 use somewhat torturous language. They require only a review (of existing policies) to determine whether a review (of the plan) is required within the five-year period. There is no subsequent guidance on:

- What happens if an authority determines through its review that no review of the plan is required; or
- The expected timescales to complete any subsequent review of the plan.

Paragraph 24 on the content of strategic plans is unhelpful requiring that they should allocate sites to meet strategic priorities unless they shouldn't.

Paragraphs 25 and 33 which introduce the new requirement for Plan evidence to be 'focused tightly' are welcome. However, this needs to be backed up in practice; There is currently significant variation in the scope and depth of Local Plan examinations and the scope and depth of inquiry and evidence required on individual matters. Although it is recognised that there will always be some 'individualisation' of examinations, this should be within more closely defined parameters rather than open ended as it can significantly impact upon the local planning authority's costs and resources.

The approach to developer contributions at Paragraph 34 seems reasonable. However this relies on the timely provision of information from partner authorities which isn't always achieved in practice. The proposed amendments to the decision-making guidance on viability are likely to result in increased scrutiny of this matter at the plan-making stage.

The amendments to the 'justified' test to be 'an appropriate strategy' at Paragraph 36(b) are welcomed. It allows for judgement to be exercised by the planning authority.

Q9 What would be the benefits of going further and mandating the use of review mechanisms to capture increases in the value of a large or multi-phased development?

The use of reviews is broadly supported. The Council is proposing a number of strategic sites which will be developed over an extended time period. There is overlap here with the proposed amendments to CiL to take existing use values into account.

Q10 Do you have any comments on the text of Chapter 4?

The continued emphasis on pre-application engagement is welcomed. Greater emphasis should be placed on enforcement and this should be reflected in greater availability of resources. Appropriate powers should also be made available to local planning authorities to enable them to deliver more effective enforcement.

Q11 What are your views on the most appropriate combination of policy requirements to ensure that a suitable proportion of land for homes comes forward as small or medium sized sites?

The Council recognises and supports the role of small and medium sized builders in housing delivery in the District. However, these requirements are unduly onerous. The current Planning Practice Guidance contains a sensible threshold of 5 units for sites to be included in land availability assessments and, by extension, plans.

Sites below this threshold have historically come forward as 'windfall' development through the normal operation of general planning policies. In many authorities small windfall sites are a consistent and reliable source of housing supply. Bringing these sites within the remit of the plan-making process will have wholly disproportionate burdens in terms of their identification, assessment and examination.

There appears to be no specific evidence supporting the 20% requirement either as a general principle or in demonstrating that this is the most appropriate or realistic percentage to apply.

Q12 Do you agree with the application of the presumption in favour of sustainable development where delivery is below 75% of the housing required from 2020?

No. This approach continues the error of assessing local authorities on historic circumstances and / or the delivery performance of third parties over whom they can only exert limited control.

North Hertfordshire is aiming to adopt a new Local Plan which meets objectively assessed needs in full and make positive contributions to the needs of other authorities under the Duty to Co-operate. This should be sufficient to secure an appropriate level of protection against further speculative development. If it is to be retained, the Delivery Test needs refinement to take account of local circumstances. Our Plan places a heavy reliance on large-scale strategic sites which take time to deliver. These sites, and many others in the plan, are currently in the Green Belt.

The tightly drawn nature of current Green Belt boundaries has constrained past delivery meaning the District's housing delivery is starting from a low base but anticipated to accelerate. Broader economic cycles can also detrimentally impact upon housing delivery.

Q13 Do you agree with the new policy on exception sites for entry-level homes?

No. The overall need for homes (including affordable housing) and the strategy for delivering them should have been adequately tested through the Local Plan process.

This includes determining the most appropriate approach to development in settlements and their future built extent. This policy undermines the plan-led system by providing a blanket-exemption on all land adjacent to existing settlements. It also unnecessarily duplicates or overlaps with the existing 'rural exceptions' approach to housing beyond defined settlements or boundaries.

The glossary does not contain any standalone definition of entry level homes. Paragraph 72(a) makes reference to discounted sale and affordable rent though it is unclear if this is the entirety of 'entry level homes'. 72(a) also only requires 'a high proportion of' such homes which suggests that an element of market housing would also be acceptable on these sites. A 'high proportion' is open to interpretation. Homes which are sold subject to a modest discount below market rates are unlikely to be affordable in any meaningful sense in North Hertfordshire.

Q14 Do you have any other comments on the text of Chapter 5?

Paragraph 61 makes reference to the standard method for determining the minimum number of homes. For North Hertfordshire the standard methodology appears likely to increase the housing requirement to levels that are near impossible to deliver in

practice. This is before any unmet needs from surrounding authorities are taken into account.

The affordable housing reduction on brownfield land in paragraph 64 seems unnecessary. Where sites are viably able to support affordable housing they should do so. The most appropriate levels of affordable housing will be determined through the proposed viability measures and the plan-making process.

The 10% affordable housing ownership requirement in paragraph 65 is superfluous. There are already ample provisions in the NPPF to make provision for identified affordable housing needs subject to viability considerations. These will also ensure that the most appropriate tenure split of affordable housing provision is considered.

The District Council is disappointed with the proposed deletion from Paragraph 73 of the requirement that larger scale developments follow “garden city principles”. North Hertfordshire is home to the world’s first garden city at Letchworth, which remains a world-renowned exemplar of good planning.

Q16 Do you have any other comments on the text of chapter 6?

Q18 Do you have any other comments on the text of Chapter 7?

Both of these sections are very short, especially when compared to the amount of the NPPF devoted to housing and its delivery.

The inclusion of ‘a poor environment’ as a potential barrier to investment that should be removed is a positive and provides a potentially useful lever to promote environmental improvement and with it improved public health and well being.

The change proposed in paragraph 86(d) to reduce the need to meet retail needs to a ten-year period (rather than the current 15) is welcomed as retail forecasts are notoriously unreliable over the long term.

Q23 Do you have any other comments on the text of Chapter 9?

Criteria (b) and (d) within paragraph 103 are good additions with the potential to improve the quality of the environment and public health.

Being clear about the link between emissions from transport and the impact on air quality and public health within (f) of paragraph 103 is welcomed.

The emphasis on the ‘design’ of developments to ‘enable charging of plug-in and other ULEV in safe, accessible and convenient locations’ (e) within paragraph 110 is a beneficial addition.

Q26 Do you agree with the proposed approach to employing minimum density standards where there is a shortage of land for meeting identified housing needs?

No. Land supply in NHDC is constrained. The currently emerging Plan recognises that it makes maximum use of reasonable and available development sites at the time of writing. We also acknowledge that, in the longer term, continual incremental additions to existing settlements may not be the best solution.

Future plan reviews are likely to see NHDC come under significant pressure to accommodate both its own housing requirements as well as unmet needs from

surrounding authorities potentially including (but not necessarily limited to) Stevenage, Luton and Welwyn Hatfield.

This policy is likely to lead to pressures for town and village ‘cramming’ and make it more difficult to resist developments which might not be appropriate in terms of local character or vernacular. It reverts towards the prescribed densities formerly contained in national guidance. This undermines design-led approaches to development.

Q30 Do you agree with the proposed changes to enable greater use of brownfield land for housing in the Green Belt, and to provide for the other forms of development that are ‘not inappropriate’ in the Green Belt?

Q31 Do you have any other comments on the text of Chapter 13?

These changes are broadly welcomed but care needs to be taken that this does not encourage development in otherwise unsustainable locations. Notwithstanding this, this approach will be of value in promoting the remediation of contaminated land that could be having wider adverse environmental and public health impacts.

The amendments to the *exceptional circumstances* test requiring ‘all other reasonable options’ to be examined do not fit neatly with the proposed amendments to the revised soundness tests in Paragraph 36 which would require the development strategy to be ‘appropriate’ rather than ‘the most appropriate’.

The amendments proposed in Paragraphs 144 and 145 to also encompass the change of use of land for outdoor sport etc. is welcomed. This corrects an anomaly in the original NPPF whereby built facilities could be appropriate development, but the associated change of use inappropriate.

Q32 Do you have any comments on the text of Chapter 14?

There is a need to address the growth of biomass boilers or similar decentralised sources of heating and energy supply, to ensure that a lower carbon, higher percentage of renewable energy supply does not come at the expense of increased particulate matter and nitrogen dioxide emissions.

Q35 Do you have any other comments on the text of Chapter 15?

The specific mention of air quality, and the stated aim of ‘helping to improve local environmental conditions’ (albeit caveated by ‘wherever possible’), is a positive inclusion within criterion (e) of paragraph 168.

Paragraphs 176 and 177 appropriately transpose paragraphs 120 and 121 of the current NPPF. Paragraph 179 is an appropriate update for paragraph 124 in the current NPPF.

Q40 Do you agree with the proposed transitional arrangements?

We would reiterate our previous comments in relation to the housing delivery test and the ‘mismatch’ in approach where there is a neighbourhood plan.

Q43 Do you have any comments on the glossary?

Yes. The Council objects to the proposed amendments to the definition of affordable housing which will harm our ability to secure truly affordable accommodation to meet locally identified needs.

The number of products now falling under the definition of affordable housing dilutes, rather than strengthens, the offer. It includes products which will do little to address needs having regard to local affordability.

The revised definition includes Build to Rent which might not be owned or managed by a registered provider. This could lead to issues in securing appropriate legal agreements and or provisions relating to re-lets.

As per our response to Question 13, discounted market homes will not be affordable in any meaningful sense within the District. There are also significant difficulties associated with managing discounted market homes in terms of ensuring re-sales are for future eligible households. This type of housing doesn't work as an affordable home ownership product in North Hertfordshire

I trust these comments are of assistance and will be given due consideration prior to the publication of the revised NPPF later in the year. If you require any further information, please contact the named officer using the details provided at the top of this letter.

Yours sincerely



Cllr David Levett
Cabinet Member for Planning & Enterprise

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Developer Contributions Consultation response form

If you are responding by email or in writing, please reply using this questionnaire proforma, which should be read alongside the consultation document. You are able to expand the comments box should you need more space. Required fields are indicated with an asterisk (*)

This form should be returned to
developercontributionsconsultation@communities.gsi.gov.uk

Or posted to:

Planning and Infrastructure Division
Ministry of Housing, Communities and Local Government
2nd floor, South East
Fry Building
2 Marsham Street
LONDON
SW1P 4DF

By 10 May 2018

Your details

| | |
|------------------------|--------------------------------------|
| First name* | Nigel |
| Family name (surname)* | Smith |
| Title | Principal Strategic Planning Officer |
| Address | Council Offices, Gernon Road |
| City/Town* | Letchworth Garden City |
| Postal Code* | SG6 3JF |
| Telephone Number | 01462 474847 |
| Email Address* | Nigel.smith@north-herts.gov.uk |

Are the views expressed on this consultation your own personal views or an official response from an organisation you represent?*

Organisational response

If you are responding on behalf of an organisation, please select the option which best describes your organisation.*

Local authority (including National Parks, Broads Authority, the Greater London Authority and London Boroughs)

If you selected other, please state the type of organisation

Click here to enter text.

Please provide the name of the organisation (if applicable)

North Hertfordshire District Council

Reducing Complexity and Increasing Certainty

Question 1

Do you agree with the Governments' proposals to set out that:

- i. Evidence of local infrastructure need for CIL-setting purposes can be the same infrastructure planning and viability evidence produced for plan making?

Yes

- ii. Evidence of a funding gap significantly greater than anticipated CIL income is likely to be sufficient as evidence of infrastructure need?

Yes

- iii. Where charging authorities consider there may have been significant changes in market conditions since evidence was produced, it may be appropriate for charging authorities to take a pragmatic approach to supplementing this information as part of setting CIL – for instance, assessing recent economic and development trends and working with developers (e.g. through local development forums), rather than procuring new and costly evidence?

Yes

Question 2

Are there any factors that the Government should take into account when implementing proposals to align the evidence for CIL charging schedules and plan making?

Click here to enter text.

Ensuring that consultation is proportionate

Question 3

Do you agree with the Government's proposal to replace the current statutory consultation requirements with a requirement on the charging authority to publish a statement on how it has sought an appropriate level of engagement?

Yes

Question 4

Do you have views on how guidance can ensure that consultation is proportionate to the scale of any charge being introduced or amended?

Click here to enter text.

Removing unnecessary barriers: the pooling restriction

Question 5

Do you agree with the Government's proposal to allow local authorities to pool section 106 planning obligations:

- i. Where it would not be feasible for the authority to adopt CIL in addition to securing the necessary developer contributions through section 106?

Please select an answer from this drop down menu

- ii. Where significant development is planned on several large strategic sites?

Yes

Question 6

- i. Do you agree that, if the pooling restriction is to be lifted where it would not be feasible for the authority to adopt CIL in addition to securing the necessary developer contributions through section 106, this should be measures based on the tenth percentile of average new build house prices?

Please select an answer from this drop down menu

- ii. What comments, if any, do you have on how the restriction is lifted in areas where CIL is not feasible, or in national parks?

No view on this. North Hertfordshire is a high house price area and would be likely to fall outside of any alternate threshold to the bottom 10% of authorities being proposed.

Question 7

Do you believe that, if lifting the pooling restriction where significant development is planned on several large strategic sites, this should be based on either:

- i. a set percentage of homes, set out in a plan, are being delivered through a limited number of strategic sites; or

NHDC supports option (i) (basing the lifting of the pooling restriction on a set percentage of homes, set out in a plan, being delivered through a limited number of strategic sites).

- ii. all planning obligations from a strategic site count as one planning obligation?

Click here to enter text.

Question 8

What factors should the Government take into account when defining 'strategic sites' for the purposes of lifting the pooling restriction?

The District Council considers that, for consistency, any definition of strategic sites should follow the broad format of the existing statutory definition of 'major sites'. This would encompass a threshold for site size, floorspace and number of dwellings with a development needing to meet any one of these to qualify. The District Council has no firm view on the most appropriate site size or floorspace thresholds. However, it is considered that 500 homes represents the most appropriate threshold for the definition of a 'strategic site'.

Question 9

What further comments, if any, do you have on how pooling restrictions should be lifted?

Further clarification is required on the time period used to assess whether 'significant development is planned on strategic sites' e.g. whole plan period, remainder of plan period, next 10 years etc. NHDC would urge some caution in using a 'whole plan period' approach. A number of emerging plans in this area, including North Hertfordshire's own, are backdated to a 2011 start. However, development

from that point to the present has been constrained by the existing policy environment, notably the presence of tightly defined Green Belt boundaries. These severely limit the opportunity to begin delivering strategic-scale development until such time as those boundaries have been reviewed. NHDC considers a forward-looking 'remainder of plan period' or '10 year' approach would be most appropriate. Under these conditions, NHDC would support the qualifying threshold of 50% of new homes being delivered on strategic sites. NHDC agrees that qualifying authorities should then be able to lift the pooling restriction across the whole authority area. (More than five) Smaller developments may rely upon infrastructure provided within, or co-funded by, strategic developments in order to be acceptable themselves in planning terms. They should therefore be able to contribute towards specified projects.

Improvements to the operation of CIL

Question 10

Do you agree with the Government's proposal to introduce a 2 month grace period for developers to submit a Commencement Notice in relation to exempted development?

Please select an answer from this drop down menu

Question 11

If introducing a grace period, what other factors, such as a small penalty for submitting a Commencement Notice during the grace period, should the Government take into account?

Click here to enter text.

Question 12

How else can the Government seek to take a more proportionate approach to administering exemptions?

Click here to enter text.

Question 13

Do you agree that Government should amend regulations so that they allow a development originally permitted before CIL came into force, to balance CIL liabilities between different phases of the same development?

Please select an answer from this drop down menu

Question 14

Are there any particular factors the Government should take into account in allowing abatement for phased planning permissions secured before introduction of CIL?

Click here to enter text.

Question 15

Do you agree that Government should amend regulations on how indexation applies to development that is both originally permitted and then amended while CIL is in force to align with the approach taken in the recently amended CIL regulations?

Please select an answer from this drop down menu

Increasing market responsiveness

Question 16

Do you agree with the Government's proposal to allow local authorities to set differential CIL rates based on the existing use of land?

Yes

Question 17

If implementing this proposal do you agree that the Government should:

- i. encourage authorities to set a single CIL rate for strategic sites?

Please select an answer from this drop down menu

- ii. for sites with multiple existing uses, set out that CIL liabilities should be calculated on the basis of the majority existing use for small sites? Yes/No

Please select an answer from this drop down menu

iii. set out that, for other sites, CIL liabilities should be calculated on the basis of the majority existing use where 80% or more of the site is in a single existing use?

Please select an answer from this dropdown menu

iv. What comments, if any, do you have on using a threshold of 80% or more of a site being in a single existing use, to determine where CIL liabilities should be calculated on the basis of the majority existing use?

Click here to enter text.

Question 18

What further comments, if any, do you have on how CIL should operate on sites with multiple existing uses, including the avoidance of gaming?

Click here to enter text.

Indexing CIL rates to house prices

Question 19

Do you have a preference that CIL rates for residential development being indexed to either:

- a) The change in seasonally adjusted regional house price indexation on a monthly or quarterly basis; OR

Please select an answer from this drop down menu

- b) The change in local authority-level house price indexation on an annual basis

Please select an answer from this drop down menu

Question 20

Do you agree with the Government's proposal to index CIL to a different metric for non-residential development?

Please select an answer from this drop down menu

Question 21

If yes, do you believe that indexation for non-residential development should be based on:

- i. the Consumer Price Index? OR

Please select an answer from this drop down menu

- ii. a combined proportion of the House Price Index and Consumer Prices Index?

Please select an answer from this drop down menu

Question 22

What alternative regularly updated, robust, nationally applied and publicly available data could be used to index CIL for non-residential development?

Click here to enter text.

Question 23

Do you have any further comments on how the way in which CIL is indexed can be made more market responsive?

Click here to enter text.

Improving transparency and increasing accountability

Question 24

Do you agree with the Government's proposal to?

- i. remove the restrictions in regulation 123, and regulation 123 lists?

Yes

- ii. introduce a requirement for local authorities to provide an annual Infrastructure Funding Statement?

Yes

Question 25

What details should the Government require or encourage Infrastructure Funding Statements to include?

NHDC broadly supports the concept of the removal of restrictions in regulation 123 and regulation 123 lists and the introduction of Infrastructure Funding Statements (IFS). This is subject to the IFS not introducing significant new burdens or unnecessarily duplicating other infrastructure assessments. Local Plans are required to be supported by Infrastructure Delivery Plans (IDPs) which are kept up-to-date over the lifetime of the plan. The IDP and IFS 'regimes' should be combined into a single process.

Question 26

What views do you have on whether local planning authorities may need to seek a sum as part of Section 106 planning obligations for monitoring planning obligations? Any views on potential impacts would also be welcomed.

NHDC supports the principle of including a sum for monitoring within s106 planning obligations.

A Strategic Infrastructure Tariff (SIT)

Question 27

Do you agree that Combined Authorities and Joint Committees with strategic planning powers should be given the ability to charge a SIT?

Please select an answer from this drop down menu

Question 28

Do you agree with the proposed definition of strategic infrastructure?

Please select an answer from this drop down menu

Question 29

Do you have any further comments on the definition of strategic infrastructure?

Click here to enter text.

Question 30

Do you agree that a proportion of funding raised through SIT could be used to fund local infrastructure priorities that mitigate the impacts of strategic infrastructure?

Please select an answer from this drop down menu

Question 31

If so, what proportion of the funding raised through SIT do you think should be spent on local infrastructure priorities?

Click here to enter text.

Question 32

Do you agree that the SIT should be collected by local authorities on behalf of the SIT charging authority?

Please select an answer from this drop down menu

Question 33

Do you agree that the local authority should be able to keep up to 4% of the SIT receipts to cover the administrative costs of collecting the SIT?

Please select an answer from this drop down menu

Technical clarifications

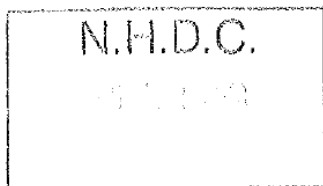
Question 34

Do you have any comments on the other technical clarifications to CIL?

Click here to enter text.

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Rt Hon Dame Cheryl Gillan DBE MP



HOUSE OF COMMONS
LONDON SW1A 0AA

David Scholes
Chief Executive
North Hertfordshire District Council
Council Offices
Gernon Road
Letchworth Garden City
SG6 3JF

22 March 2018

Dear Mr Scholes.

I understand the Chilterns AONB forms part of your local authority and I am writing to seek your opinion and hopefully your support to explore the opportunity of the Chilterns Area of Outstanding Natural Beauty becoming a National Park.

As you may be aware, in 'A Green Future: Our 25 Year Plan to Improve the Environment' the Government has committed to reviewing National Parks and AONBs fit for the 21st century, including whether more may be needed.

There are no National Parks between the Peak District and South Downs or the Brecon Beacons and the Broads. I believe the Chilterns AONB is an ideal candidate for National Park status, for its nationally-important concentrations of chalk grassland, over 11,000 hectares of ancient woodland, chalk streams, red kites and plenty of historical and archaeological value. Such a designation would create a new National Park Authority, which would be solely responsible for local planning within its area.

The Chilterns AONB is on the London Tube line, and facing unprecedented levels of infrastructure development to meet the housing crisis, High Speed Rail and from the East West and North now the proposed 'Arc' of development between Oxford and Cambridge. To the south it is being threatened by development spreading from Slough. It is the nearest designated protected landscapes to a very large urban conurbation, namely London and therefore very vulnerable and valuable.

Under the National Parks and Access to the Countryside Act 1949, it is Natural England's statutory duty to consider which areas in England meet the criteria for designation of a National Park. I have this week written to James Cross, Chief Executive at Natural England for his advice on what the process would be and what considerations he may have already undertaken for this designation proposal. I have also spoken to Sue Holden of the Chilterns Conservation Board, who is very supportive.

I strongly believe the Chilterns AONB should be considered as a candidate. I would be most grateful if you could lend me your support or let me know why you would oppose such a move to protect our local area.

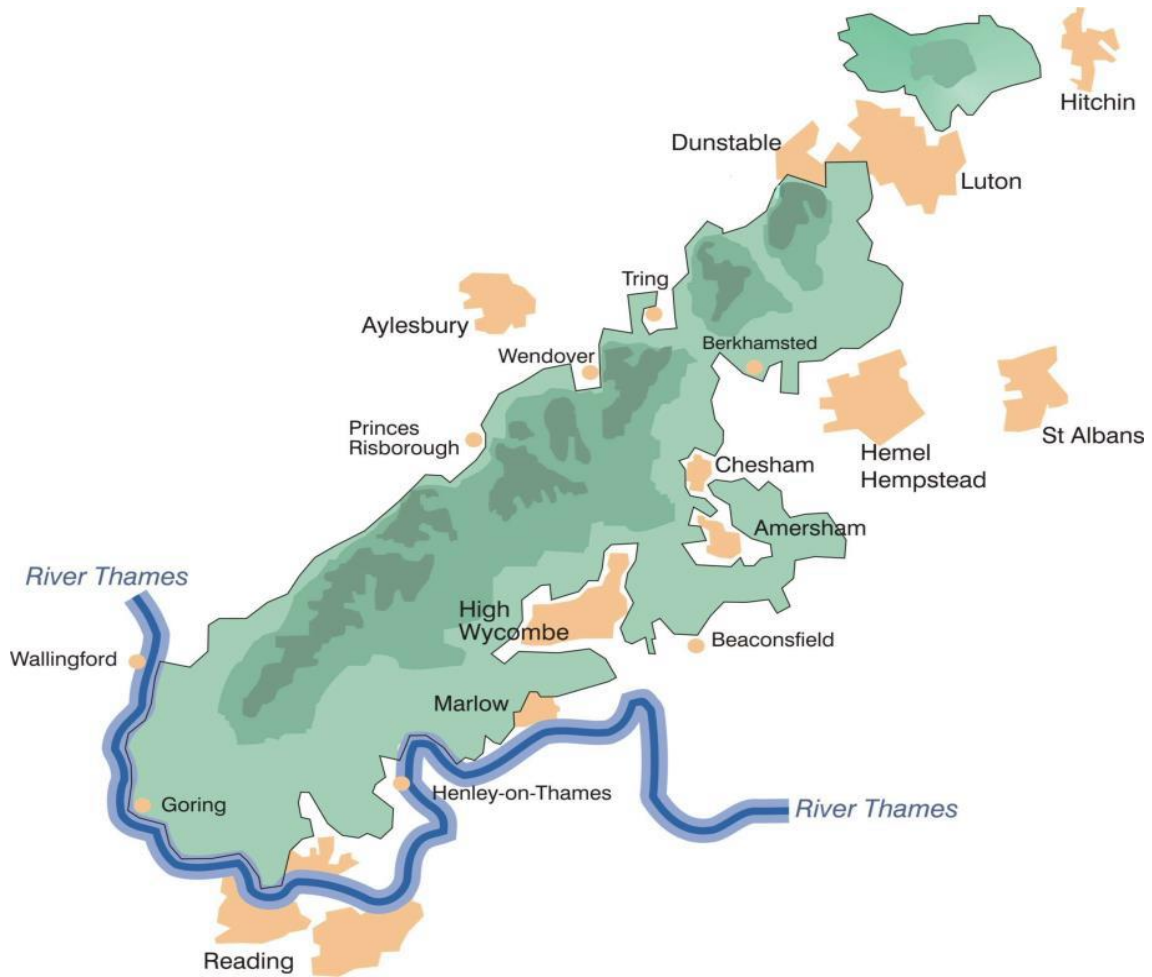
Yours sincerely

A handwritten signature in black ink, appearing to read "Cheryl Gillan".

Tel: 020 7219 4061
Email: gillanc@parliament.uk
Website: www.cherylgillan.co.uk

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Map of Chilterns AONB



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CABINET
19 JUNE 2018

***PART 1 – PUBLIC DOCUMENT**

AGENDA ITEM No.

8

TITLE OF REPORT: REVENUE BUDGET OUTTURN 2017/18

REPORT OF: THE SERVICE DIRECTOR - RESOURCES
EXECUTIVE MEMBER: COUNCILLOR JULIAN CUNNINGHAM
COUNCIL PRIORITY: RESPONSIVE AND EFFICIENT

1. EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to inform Cabinet of the summary position on General Fund income and expenditure as at the end of the financial year 2017/18. The net outturn of £16.053m represents a **£422k decrease** from the working budget of £16.475million. There are corresponding requests to carry forward **£261k** (of underspends) to fund specific projects that will now take place in 2018/19. There is a further forecast impact on the 2018/19 base budget of a **£85k increase**. This reflects the variances identified (generally overspends) that are expected to have an ongoing impact in future years. Within these summary totals there are several budget areas with more significant variances, which are detailed and explained in table 2. The report also provides an update on;
- the delivery of planned efficiencies (paragraph 8.3)
 - the use of budget approved to be carried forward from 2016/17 (table 3)
 - performance against the four key corporate 'financial health' indicators (paras 8.5-8.7)
 - confirmation of the funding position as the end of 2017/18 (table 5)
 - details of earmarked reserves movements and balances (table 7)

2. RECOMMENDATIONS

- 2.1 That Cabinet notes this report.
- 2.2 That Cabinet approves a decrease of £422k in the 2017/18 net General Fund expenditure, **as identified in table 2** and **paragraph 8.1**, to a total of £16.053million.
- 2.3 That Cabinet approves the adjustments to the 2018/19 General Fund budget, as identified in table 2 and paragraph 8.2, a £346k increase in net expenditure.
- 2.4 That Cabinet recommend that Council approves the net transfer to earmarked reserves, **as identified in table 7**, of £1.070million.

3. REASONS FOR RECOMMENDATIONS

- 3.1 Members are able to monitor, make adjustments within the overall budgetary framework and request appropriate action of Services who do not meet the budget targets set as part of the Corporate Business Planning process.

3.2 Changes to the Council's balances are monitored and approved.

4. ALTERNATIVE OPTIONS CONSIDERED

4.1 Budget holders have considered the options to manage within the existing budget but consider the variances reported here necessary and appropriate.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

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

6. FORWARD PLAN

6.1 This report contains a recommendation on a key decision that was first notified to the public in the Forward Plan on the 16th February 2018.

7. BACKGROUND

7.1 Council approved the revenue budget for 2017/18 of £16.545 million in February 2017. The working budget at financial year-end has reduced to £16.475 million. Table 1 below details the approved changes to this budget to get to the current working budget:

Table 1 - Current Working Budget

| | £k |
|--|---------------|
| Original approved budget for 2017/18 | 16,545 |
| Proposed Crematorium at Wilbury Hills Cemetery - Interim Report On Business Case – approved by Cabinet 28 th March 2017 | 50 |
| Quarter 3 2016/17 Revenue Monitoring report - 2017/18 budget changes approved by Cabinet (March 2017) | 199 |
| 2016/17 Revenue Outturn Report - 2017/18 budget changes approved by Cabinet (June 2017) | 228 |
| Quarter 1 2017/18 Revenue Monitoring report - 2017/18 variances approved by Cabinet (September 2017) | 208 |
| Quarter 2 2017/18 Revenue Monitoring report - 2017/18 variances approved by Cabinet (November 2017) | (131) |
| Revenue monitoring included within 2018/19 budget report – 2017/18 variances approved by Cabinet (January 2018) | (684) |
| Quarter 3 2017/18 Revenue Monitoring report - 2017/18 variances approved by Cabinet (March 2018) | 60 |
| Working budget at Financial Year End 2017/18 | 16,475 |

8. RELEVANT CONSIDERATIONS

REVENUE INCOME AND EXPENDITURE FORECASTS

8.1 Cabinet are asked to approve the net expenditure on the General Fund in 2017/18 of £16.053million (recommendation 2.2). This is a net decrease of £422k on the working budget of £16.475million. Table 2 below highlights the most significant variances, which are generally more than £25k, and contains an explanation for each. The final columns detail if a carry forward into 2018/19 is requested and the estimated ongoing impact of any variances:

Table 2 - Summary of significant variances

| Budget Area | Working Budget £k | Outturn £k | Variance £k | Reason for difference | Carry Forward Request £k | Estimated Impact on 2018/19 £k |
|--|------------------------------|-----------------------|------------------------|---|---|---|
| Corporate Vacancy Control Savings Target | +55 | 0 | -55 | The over-achievement of the vacancy control savings target is due to a greater level of posts held vacant pending the implementation of the Corporate Restructure. It is requested that £24k of this budget is carried forward and transferred to the Strategic Priorities Fund in 2018/19 (see below). | +24 | 0 |
| Strategic Priorities Fund | +76 | 0 | -76 | Budget provision of £100k was approved for the Strategic Priorities Fund in 2017/18, of which a total of £24k was allocated to successful investment bids. It is requested that the remaining £76k goes towards a new allocation of £100k for 2018/19. | +76 | 0 |
| Commercialisation Project | +95 | +1 | -94 | The creation of the 'Service Director-Commercial' post will lead to the ongoing development of commercialisation opportunities. It is therefore requested that the remaining resource unspent in 2017/18 be carried forward into 2018/19 as this funding will be used for the up-front costs of exploiting these opportunities. | +94 | 0 |
| Corporate Restructure | 0 | +100 | +100 | A provision in 2017/18 is required for employee settlement costs associated with the Senior Management Restructure, which were not finalised as at the 31 st March. Final agreement was reached in April. | 0 | 0 |
| CCTV | | | | | | |
| Contribution to CCTV Partnership | +86 | +109 | +23 | The increase in contribution to the CCTV Partnership follows the Partnership recording a deficit at the end of the financial year. The assumption in the budget is that the CCTV Partnership will achieve a break-even position. | 0 | 0 |
| Income from Herts CCTV Company | -37 | 0 | +37 | Anticipated income for 2017/18 was based on the original estimates prepared when the CCTV company was formed. Hertfordshire CCTV Limited has however made minimal profit this financial year due to the loss of a significant client, so there is no dividend receivable for the Council in 2017/18. | 0 | +39 |
| TOTAL | +49 | +109 | +60 | | 0 | +39 |

| Budget Area | Working Budget £k | Outturn £k | Variance £k | Reason for difference | Carry Forward Request £k | Estimated Impact on 2018/19 £k |
|---|----------------------|---------------|----------------|--|-----------------------------|-----------------------------------|
| Churchgate Project | +37 | 0 | -37 | It is requested that the earmarked resource is carried forward to fund any external professional advice required to assess proposals, prior to consideration by Full Council, in 2018/19. | +37 | 0 |
| Waste Services - Household Waste and Recycling Bins | +47 | +18 | -29 | A lower number of requests received for new bins in 2017/18 has meant expenditure on bins has been significantly lower than both the budget estimate and the prior year outturn (£67k spend in 2016/17). | 0 | 0 |
| Street Cleansing Contract Expenditure | +911 | +894 | -17 | The cleansing of the Baldock Bypass had not commenced by the end of the financial year. The unspent budget is requested to be carried forward to meet the cost of cleansing the bypass in the early part of the next financial year. | +17 | 0 |
| Planning Services – Planning Applications Income | -1,168 | -1,292 | -124 | Planning application income receipts have continued to exceed the budgeted expectation in the final quarter. Growth in this income stream, based on the successful adoption of the Local Plan, is already incorporated in the budget estimates for future years. | 0 | 0 |
| Planning Services – Transfer to reserve | +363 | +487 | +124 | The overachievement of income is requested to be transferred to the planning reserve. As previously discussed at Cabinet, there are significant risks associated with the progress of the Council's Local Plan. The balance in the earmarked reserve will therefore be used to mitigate the financial impact of associated risks materialising in the coming years. | 0 | 0 |
| TOTAL | -805 | -805 | 0 | | 0 | 0 |
| Building Control - Non fee Work | +55 | +5 | -50 | Hertfordshire Building Control Ltd has agreed to only charge the Council for out-of-hours dangerous structures cover and response. The cost of this work totalled £4,500 in 2017/18. The Company will seek reimbursement for other chargeable services in 2018/19. Some of these have been agreed at a fixed fee and others will be at an hourly rate. The total cost will depend on the number of chargeable hours. | 0 | 0 |

| Budget Area | Working Budget £k | Outturn £k | Variance £k | Reason for difference | Carry Forward Request £k | Estimated Impact on 2018/19 £k |
|---|----------------------|---------------|----------------|--|-----------------------------|-----------------------------------|
| Hertfordshire Warmer Homes project | +12 | 0 | -12 | Following delays to the Herts Warmer Homes project with Herts County Council commencing, the project will now be completed in the next financial year. It is therefore requested that the budget remaining is carried forward to meet the costs in that year. | +12 | 0 |
| Council Tax Summons Income | -263 | -228 | +35 | The increasing proportion of households paying their Council Tax by direct debit has contributed to reducing the numbers of people taken to court over non-payment. Waiting times for court dates have also increased, which has extended the period available to pay the outstanding sum prior to the court summons being issued. Failure to meet the summons income budget was identified as a financial risk for 2017/18. | 0 | +35 |
| Housing Benefits | | | | | | |
| Housing Benefit Payments | +34,332 | +34,246 | -86 | The outturn for Housing Benefit Payments is less than the mid year estimate, upon which the working budget was based, due to fewer claimants than anticipated. | 0 | -3,867 |
| Housing Benefit Subsidy | -33,861 | -33,669 | +192 | The reduction in claimants also partially explains the lower than anticipated subsidy receivable (based on the mid-year estimate). In addition, subsidy is only receivable for the net payment where a portion of the gross amount is withheld to claw back an overpayment relating to a prior year. The total of relevant amounts (not eligible for subsidy) almost doubled from £330k in 2016/17 to £652k in 2017/18. | 0 | +3,867 |
| Contribution to overpayments bad debt provision | +316 | +335 | +19 | This increase also helps to explain overpayments income this year being significantly higher than 2016/17 (£468k). The income forecast for the year was increased by £200k at quarter 2 and significant overpayments have continued to be identified in the second half of the year. The increase in income has been partially offset by a higher contribution required to the overpayments bad debt provision. | 0 | 0 |
| Income from Housing Benefit Overpayments | -688 | -889 | -201 | | 0 | 0 |
| Total | +99 | +23 | -76 | | 0 | 0 |

| Budget Area | Working Budget £k | Outturn £k | Variance £k | Reason for difference | Carry Forward Request £k | Estimated Impact on 2018/19 £k |
|---|----------------------|---------------|----------------|---|-----------------------------|-----------------------------------|
| Careline Net Direct Trading Expenditure | -181 | -141 | +40 | The lower than anticipated surplus achieved by Careline in 2017/18 is primarily due to higher than planned staffing costs. A higher turnover of temporary staff has meant a higher number of training hours being needed for new members of staff. Training hours increase salary costs as additional staff cover is required while the officers attend training. | 0 | 0 |
| Total of explained variances | +187 | -24 | -211 | | +260 | +74 |
| Other minor balances | 16,288 | 16,077 | -211 | | +1 | +11 |
| Overall Total | 16,475 | 16,053 | -422 | | +261 | +85 |

8.2 Cabinet are asked to approve the estimated net impact on the 2018/19 budget, a **£346k increase** in budget (recommendation 2.3), which includes:

- **£261k** of budget carry-forwards from 2017/18 to 2018/19 for projects that were not completed by the end of the financial year. These are shown in the penultimate column of table 2 above. This will take the total carry-forward to £515k (i.e. including those reported and approved at month 8 and quarter 3).
- **£85k** increase in budget to reflect the estimated ongoing impact in 2018/19 of variances identified in Q4. These are shown in the final column of table 2 above.

8.3 The original approved budget for 2017/18 (and therefore working budget) included efficiencies totalling £929k, which were agreed by Council in February 2017. Progress in delivering the efficiencies identified has been monitored throughout the year and reported at each quarter. The efficiency total has been overachieved in the year by £286k, which is £80k higher than the forecast overachievement of £206k reported at quarter 3. This increase in the total relates to:

- Planning income; overachievement of £124k, as highlighted in table 2 above.
- IT Server Room Rental Income; £3k underachievement; this efficiency was not delivered (variance included within 'other minor variances' total in table 2 above) as the anticipated tenant withdrew their interest.
- Net direct surplus from Hitchin Town Hall Community Facility; £41k underachievement; deterioration in overall financial position in the final quarter is due to the costs incurred in facilitating events at the Town Hall being higher than estimated and hence reducing the net income achieved (included within 'other minor variances' total in table 2 above)
- Corporate Restructure Phase 1 and 2; Overall the target was achieved from the posts deleted in phase 1 and holding other vacancies, even though the next stage of the restructure will not be in place until June 2018.

8.4 The working budget for 2017/18 included budgets totalling £642k that were carried forward from the previous year. These are generally carried forward so that they can be spent for a particular purpose that had been due to happen in 2016/17 but was delayed into 2017/18. At the end of the year a total of £473k of the budget carried forward has not been spent in 2017/18, as detailed in Table 3 below.

Table 3 – Unspent Carry Forward Budget in 2017/18

| Monitoring Report | Carry Forward Budget in 17/18 (£k) | Project | Underspend reported (£k) |
|---------------------------------|------------------------------------|---|--------------------------|
| Q1 | 20 | Migration of the NHDC building control service onto the single IT platform of the Hertfordshire Building Control trading company | 20 |
| Q2 | 20 | Proposed extension of the Chiltern area of outstanding natural beauty | 20 |
| Q2 | 52 | Economic Development Officer post | 35 |
| Month 8 | 87 | Viability Assessment of Community Infrastructure Levy | 87 |
| Month 8 | 13 | Review of Housing Strategy | 13 |
| Month 8 | 25 | Herts Warmer Home Project | 13 |
| Month 8 | 52 | Economic Development Officer post | 17 |
| Q3 | 20 | Legal Services Contract Scanning | 14 |
| Q3 | 42 | Parking Lines and Signs maintenance | 30 |
| Q3 | 11 | Waste Services Temporary Technical Officer Post | 5 |
| Outturn | 100 | Strategic Priorities Fund (SPF); £53k of unspent SPF resource in 2016/17 and £47k of the overachievement of the vacancy control target in 2016/17 were carried forward to provide a total SPF budget of £100k in 2017/18. £24k of the funding available was allocated to successful bids in 2017/18 with the remaining £76k requested to be carried forward into 2018/19 (as highlighted in table 2 above). | 76 |
| Outturn | 95 | Commercialisation project; £1k of this £95k carry forward budget has been spent in 2017/18, with the remainder requested to be carried forward into 2018/19 (as highlighted in table 2 above). | 94 |
| Outturn | 52 | Churchgate development; £15k of the £52k budget carried forward has been spent in 2017/18. It is requested that the remaining £37k be carried forward into 2018/19 (as highlighted in table 2 above). | 37 |
| Outturn | 25 | Herts Warmer Homes Project; A further £12k of the original £25k carry forward budget has not been spent in 2017/18. It is requested that this unspent amount is carried forward into 2018/19 (as highlighted in table 2 above). | 12 |
| Total Underspend 2017/18 | | | 473 |

- 8.5 There are 4 key corporate 'financial health' indicators identified in relation to key sources of income for the Council. Table 4 below shows the performance for the year. A comparison is made to the original budget to give the complete picture for the year. Each indicator is given a status of red, amber or green. A green indicator means that income recorded matched or exceeded the budgeted level of income. A red indicator means that the outturn has not met the budgeted level of income. An amber indicator is only used during the year to highlight that there is a risk that the budgeted level of income may not be met.
- 8.6 At the end of the year, two indicators are green and two indicators are red.
- 8.7 The red indicator in relation to car parking fees was highlighted within the revenue monitoring report at quarter 2 and relates to the additional parking fee income anticipated from the Parking Strategy review that has not been achieved.
- 8.8 The red indicator in relation to land charges income was highlighted within the revenue monitoring report at quarter 3. The number of searches requested to be undertaken by the authority has reduced in comparison to the prior financial year.

Table 4 - Corporate financial health indicators

| Indicator | Status | Original Budget £k | Actual income for the year £k | Variance £k |
|---|--------|-----------------------|----------------------------------|----------------|
| Planning Application Fees (including fees for pre-application advice) | Green | (683) | (1,292) | (609) |
| Land Charges | Red | (174) | (150) | 24 |
| Car Parking Fees | Red | (1,813) | (1,734) | 79 |
| Parking Penalty Charge Notices | Green | (410) | (546) | (136) |

FUNDING, RISK AND GENERAL FUND BALANCE

- 8.9 The Council's revenue budget is funded from the following main sources; Council Tax, New Homes Bonus and Retained Business Rates income. The Council was notified by Central Government in February 2017 of the amount of New Homes Bonus it could expect to receive in 2017/18 and planned accordingly.
- 8.10 Council Tax and Business Rates are accounted for in the Collection Fund rather than directly in our accounts, as we also collect them on behalf of other bodies. Each organisation has a share of the balance on the Collection Fund account. At the end of 2017/18 there is a surplus on the NHDC share of the Council Tax Collection Fund of £257k and a deficit on the Business Rates Collection Fund of £624k.
- 8.11 The Central Government return submitted in January 2018 estimated a Business Rates Collection Fund deficit for 2017/18 of £656k. The contribution to the Collection Fund required in 2018/19 in respect of the deficit for 2017/18 is based on this January estimate. The £32k difference between the actual deficit of £624k and the January estimate of £656k will be included in the calculation of the estimated surplus/deficit for 2018/19 (submitted to Central Government in January 2019), and hence will affect the calculation of the Council's eligible retained business rates income for 2019/20.
- 8.12 The Council also receives compensation in the form of a grant from Central Government for business rate reliefs introduced, which goes in to our funds rather than the Collection Fund. We are holding this amount in a reserve. Some of the amount held in reserve, £868k at the end of the year, will be used in the next financial year to fund the repayment of the £656k deficit highlighted above.
- 8.13 The Council is also subject to a business rates levy from Central Government as NHDC collects more in business rates than the baseline need determined by Central Government. The calculated levy required for 2017/18 is £685k. The payment of the levy has been funded from the grant held in reserve. In 2018/19 the Council will be a member of the Hertfordshire Business Rates Pool, with the expectation that this will reduce the levy amount required in 2018/19.
- 8.14 Table 5 below summarises the impact on the general fund balance of the outturn position detailed in this report. It should however be noted at this point that the Statement of Accounts is yet to be audited and changes to the General Fund balance may arise as a result of the final accounts audit.

Table 5 – General Fund impact

| | Working Budget £k | Outturn £k | Difference £k |
|--|------------------------------|-----------------------|--------------------------|
| Brought Forward balance (1st April 2017) | (8,235) | (8,235) | - |
| Net Expenditure | 16,475 | 16,053 | (422) |
| Funding (Council Tax, Business Rates, RSG) | (15,589) | (15,589) | 0 |
| Contribution to Collection Fund | 741 | 741 | 0 |
| Funding from Reserves (including Business Rate Relief Grant) | (373) | (373) | 0 |
| Carried Forward balance (31st March 2018) | (6,981) | (7,403) | (422) |

8.15 The minimum level of General Fund balance is determined based on known and unknown risks. Known risks are those things that we think could happen and we can forecast both a potential cost if they happen, and percentage likelihood. The notional amount is based on multiplying the cost by the potential likelihood. The notional amount for unknown risks is based on 5% of net expenditure. There is not an actual budget set aside for either of these risk types, so when they occur they are reflected as budget variances (see table 2). We monitor the level of known risks that actually happen, as it highlights whether there might be further variances. This would be likely if a number of risks come to fruition during the early part of the year. We also use this monitoring to inform the assessment of risks in future years. The notional amount calculated at the start of the year for known risks was £795k, and at the end of the year a total of £451k have come to fruition. The two identified risks realised in the final quarter relate to;

- Failure to achieve summons costs' income budget in relation to Council Tax (as highlighted in table 2) and Business Rates (included in the 'other minor variances' total in table 2). £46k
- Costs incurred associated with the progress of the local plan (included in the 'other minor variances' total in table 2). £20K

Table 6 – Known financial risks

| | £'000 |
|--|--------------|
| Original allowance for known financial risks | 795 |
| Known financial risks realised in Quarter 1 | (144) |
| Known financial risks realised in Quarter 2 | (158) |
| Known financial risks realised in Quarter 3 | (83) |
| Known financial risks realised in Quarter 4 | (66) |
| Remaining allowance for known financial risks | 344 |

EARMARKED RESERVES

8.16 The Council has a number of earmarked reserves, which can be used to fund revenue expenditure. These are detailed in Table 6 below. A total of £2.736million has been contributed to the reserves in 2017/18 and a total of £1.666million has been used to fund expenditure.

8.17 Cabinet are asked to recommend to Council that the net contribution to reserves of £1.070million be approved (recommendation 2.4), which leaves a total balance in earmarked reserves at 31 March 2018 of £5.679million.

Table 7 – Earmarked Reserves

| | Balance at 1 April 2017 | Contributions to reserve | Payments to Fund expenditure | Balance at 31 March 2018 |
|-----------------------------------|-------------------------|--------------------------|------------------------------|--------------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Cemetery Mausoleum | 129 | 11 | 0 | 140 |
| Children's Services | 8 | 0 | 0 | 8 |
| Climate Change Grant | 30 | 0 | 0 | 30 |
| Community Development | 1 | 0 | 0 | 1 |
| Community Right to Bid | 45 | 0 | 0 | 45 |
| DCLG Grants | 489 | 1,457 | (1,078) | 868 |
| DWP Additional Grants | 3 | 189 | (63) | 129 |
| Environmental Warranty Reserve | 209 | 0 | 0 | 209 |
| Growth Area Fund | 53 | 0 | 0 | 53 |
| Homelessness | 42 | 175 | (14) | 203 |
| Housing Planning Delivery Reserve | 368 | 612 | (212) | 768 |
| Information Technology Reserve | 82 | 0 | 0 | 82 |
| Insurance Reserve | 32 | 3 | (1) | 34 |
| Leisure Management Reserve | 89 | 0 | (42) | 47 |
| Local Authority Mortgage Scheme | 107 | 17 | (124) | 0 |
| Museum Exhibits Reserve | 13 | 1 | (2) | 12 |
| Neighbourhood Plan Reserve | 21 | 20 | 0 | 41 |
| Office Move IT Works | 7 | 0 | 0 | 7 |
| Paintings Conservation | 11 | 0 | 0 | 11 |
| Personal Search Fees | 161 | 0 | (57) | 104 |
| Property Maintenance | 67 | 10 | (15) | 62 |
| Syrian Refugee Project | 19 | 83 | (15) | 87 |
| S106 Monitoring | 68 | 0 | (15) | 53 |
| Special Reserve | 1,720 | 0 | 0 | 1,720 |
| Street Furniture | 10 | 12 | (5) | 17 |
| Street Name Plates | 38 | 0 | (22) | 16 |
| Taxi Licences Reserve | 13 | 0 | 0 | 13 |
| Town Centre Maintenance | 39 | 0 | (1) | 38 |
| Town Wide Review | 222 | 74 | 0 | 296 |
| Waste Reserve | 513 | 72 | 0 | 585 |
| Total Revenue Reserves | 4,609 | 2,736 | (1,666) | 5,679 |

9. LEGAL IMPLICATIONS

- 9.1 The Cabinet has a responsibility to keep under review the budget of the Council and any other matter having substantial implications for the financial resources of the Council. Specifically 5.6.8 of Cabinet's terms of reference state that it has remit "to monitor quarterly revenue expenditure and agree adjustments within the overall budgetary framework". By considering monitoring reports throughout the financial year Cabinet is able to make informed recommendations on the budget to Council. The Council is under a duty to maintain a balanced budget and to maintain a prudent balance.
- 9.2 The Accounts and Audit Regulations 2015 require that the Annual Statement of Accounts be approved and published by the deadline date of 31 July 2018. Members are reminded of the duty to set a balanced budget and to maintain a prudent level of reserves.

10. FINANCIAL IMPLICATIONS

- 10.1 Members have been advised of any variations from the budgets in the body of this report and of any action taken by officers.
- 10.2 The general fund balance of £7.403million (table 5) meets the recommended minimum balance of General Fund reserves agreed when the budget was set. The Statement of Accounts is however yet to be audited and changes to the General Fund balance may arise as a result of the final audit. As the Housing Benefit claim is also yet to be audited, the relevant values included in the reported outturn are based on un-audited figures.

11. RISK IMPLICATIONS

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

12. EQUALITIES IMPLICATIONS

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

13. SOCIAL VALUE IMPLICATIONS

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

14. HUMAN RESOURCE IMPLICATIONS

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

15. APPENDICES

- 15.1 None.

16. CONTACT OFFICERS

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17. BACKGROUND PAPERS

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

CABINET
19 JUNE 2018

PART 1 – PUBLIC DOCUMENT

AGENDA ITEM No.

9

TITLE OF REPORT: CAPITAL PROGRAMME OUTTURN 2017/18

REPORT OF: SERVICE DIRECTOR - RESOURCES
EXECUTIVE MEMBER: CLLR JULIAN CUNNINGHAM
COUNCIL PRIORITY: RESPONSIVE AND EFFICIENT

1. EXECUTIVE SUMMARY

1.1 As at the end of financial year 2017/18, there is a reduction in spend compared to quarter 3 of **£1.495million**. The majority of this change is for expenditure that will now be incurred in 2018/19. The forecast increase in spend in future years is **£1.506million**.

2. RECOMMENDATIONS

2.1 That Cabinet notes expenditure of **£9.484million** in 2017/18 on the capital programme, paragraph 8.2 refers, and in particular the changes detailed in table 3 which resulted in a net increase on the working estimate of **£0.011million**.

2.2 That Cabinet approves the adjustments to the capital programme for 2018/19 and onwards as a result of the revised timetable of schemes detailed in table 2, increasing the estimated spend in 2018/19 by **£1.506million** (re-profiled from 2017/18).

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

2.4 That Cabinet approves the application of **£1.437million** of capital receipts towards the 2017/18 capital programme and the drawdown of **£6.390million** from set aside receipts, paragraph 8.6 refers.

3. REASONS FOR RECOMMENDATIONS

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

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

4. ALTERNATIVE OPTIONS CONSIDERED

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

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

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

6. FORWARD PLAN

- 6.1 This report contains a recommendation on a key decision that was first notified to the public in the Forward Plan on the 16th February 2018.

7. BACKGROUND

- 7.1 In February 2017, Council approved the capital programme for 2017/18 to 2020/21. This was subsequently amended by reprogramming from 2016/17 and changes in forecasts at quarter 1, 2 and 3. In February 2018, Council approved the capital programme for 2018/19 to 2021/22.

- 7.2 The Medium Term Financial Strategy for 2018 to 2023 confirmed that the Council will seek opportunities to utilise capital funding (including set aside receipts) for invest to save schemes and proposals that generate higher rates of return than standard treasury investments. This is one way the Council will allocate resources to support organisational transformation that will reduce revenue expenditure.

8. RELEVANT CONSIDERATIONS

Capital Programme 2017/18

- 8.1 Summaries of the capital programme by Council priority and service are shown in appendix A together with the overall funding analysis and projected availability of capital funding balances (set aside and capital receipts). The full programme is detailed in Appendix B and shows the revised costs to date, together with the expected spend from 2018/19 to 2021/22 and the funding source for each capital scheme.
- 8.2 The outturn capital expenditure for 2017/18 is **£9.484million**. This is a reduction of **£1.495million** on that reported at the end of the third quarter. The decrease in spend is largely due to re-profiling spend in to future years. Table 1 below details the changes from what was reported at Quarter 3.

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

| | 2017/18 £M | 2018/19 £M | 2018/19 to 2021/22 £M |
|---------------------------|---------------|---------------|-----------------------------|
| Estimate as at Q3 2017/18 | 10.978 | 16.649 | 4.565 |
| Change from Q3 Estimate | -1.494 | 1.506 | 0 |
| Outturn 2017/18 | 9.484 | 18.155 | 4.565 |

8.3 Table 2 lists the schemes in the 2017/18 Capital Programme that will start or continue in 2018/19:

Table 2: Scheme Timetable Revision:

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

| Scheme | 2017/18 Working Budget £'000 | 2017/18 Outturn £'000 | Variance £'000 | Comments | Estimated impact on 2018/19 onwards £'000 |
|--|---------------------------------|--------------------------|-------------------|--|--|
| Purchase 14 & 15 Brand Street | 550 | 0 | -550 | Negotiations with Hitchin Town Hall Limited on the terms of a purchase are ongoing. | 550 |
| North Herts Leisure Centre Development | 1,922 | 1,702 | -220 | To cover related costs in 18/19 including the retention fee. | 220 |
| Letchworth Multi-Storey Parapet /Soffit / Decoration | 147 | 9 | -138 | A specialist engineer was appointed to carry out concrete integrity testing, which will be utilised to formulate a schedule of works and specification. The concrete testing has been completed and we are currently awaiting the final report. | 138 |
| Food Waste Caddies | 132 | 0 | -132 | New caddies were delivered in April 2018. | 132 |
| Hitchin Swim Centre Lift | 100 | 3 | -97 | The work has taken longer due to tenders and agreeing final specification. An order has been placed and work is due to be undertaken May/June 2018. | 97 |
| Baldock Town Hall Improvements | 77 | 2 | -75 | Management group at the Arts & Heritage Centre (former Baldock Town Hall) is undertaking major refurbishment & reconfiguration scheme to the majority of the ground floor, as well as other external improvements to the first floor. Works are likely to commence in September and continue in to 2019. | 75 |

| Scheme | 2017/18 Working Budget £'000 | 2017/18 Outturn £'000 | Variance £'000 | Comments | Estimated impact on 2018/19 onwards £'000 |
|--|-------------------------------------|------------------------------|-----------------------|--|--|
| Record Council Meetings | 64 | 0 | -64 | This project was delayed due to the DCO refurbishment and building not being handed back until late January. This project has now been out to tender and the contract awarded. The works are due to start in August. | 64 |
| Ultra Violet Water System | 50 | 0 | -50 | These works, which were organised by Stevenage Leisure, are now complete. | 50 |
| Disaster Recovery Set up | 47 | 0 | -47 | This project was delayed due to the sickness of key staff and other staff concentrating on the DCO office moves. This project will now be picked up once the mezzanine flooring has been installed. This is required to continue as we need to upgrade some of the DR Services this year following an increase in technology with the Careline DR now being fully hosted at Unit 3. | 47 |
| Lairage Multi-Storey Safety & Equality | 40 | 1 | -39 | A recommendation to refurbish the lifts within two years is the outcome from a specialist technical survey. Any safety items picked up from the survey will be addressed via an existing maintenance contract and it is recommended that equality improvements can be addressed as part of a full refurbishment. Budget provision is in place to refurbish the lifts during 2018/19. | 39 |
| Community Facilities Refurbishment | 200 | 165 | -35 | The first grant awards were in May 2017 and three of the five schemes have been completed and the funding has been paid. The remainder is expected to be paid in 18/19. There were also six schemes approved in January 2018. As the funds are paid when the work is completed, these will mainly be funded from the previously agreed 18/19 grant allocation. | 35 |

| Scheme | 2017/18 Working Budget £'000 | 2017/18 Outturn £'000 | Variance £'000 | Comments | Estimated impact on 2018/19 onwards £'000 |
|---|------------------------------|-----------------------|----------------|--|---|
| Museum Services Development | 101 | 141 | 40 | Budget re-profiled into 18/19 at 3rd quarter but work carried out sooner than anticipated. | -40 |
| Other minor slippage | | | -99 | | 99 |
| Total Revision to Budget Profile | | | -1,506 | | |

8.4 There are also changes to the overall costs of schemes in 2017/18. These changes total a net increase of £0.011million and are detailed in Table 3:

Table 3: Changes to Capital Schemes Commencing in 2017/18:

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

| Scheme | 2017/18 Working Budget £'000 | 2017/18 Outturn £'000 | Increase/ Decrease £'000 | Comments |
|---------------------------------------|------------------------------|-----------------------|--------------------------|--|
| S106 Projects | 68 | 171 | 103 | S106 funds have been released for community schemes. This mostly relates to cycle racks / shelters. |
| Disabled Facility Grants (DFG) | 600 | 646 | 46 | The budget was revised down at Quarter 2 but it was commented that there was uncertainty about the transition of the DFG function to the Hertfordshire Home Improvement Agency. In the end, the Housing & Public Protection Service continued to be involved in approval of grants for slightly longer than originally anticipated. However, the outturn is still below the original budget and is fully covered by the DFG grant that the Council receives from Central Government. |
| Off Street C/Parks Resurface | 60 | 0 | -60 | Budget no longer required. There is sufficient budget provision in 18/19 so no need to reprofile. |
| Careline Alarms | 30 | 0 | -30 | Budget not required as this has been completed as part of other work and the budget was sufficient to cover both. |
| Other minor changes | | | -48 | |
| Total revision to scheme spend | | | 11 | |

8.5 The following capital schemes have been completed during 2017/18:

- Neighbourhood CCTV Equipment
- Access Bridge Walsworth Common
- North Herts Leisure Centre Development
- Replace Fitness Equipment at Hitchin and Royston Leisure Centre
- Relay slabs at Hitchin Outdoor Pool
- Serby Avenue Play Area
- Jackmans Central Play Area
- Brook View Equipment
- Various IT Projects

Capital Programme 2017/18 Funding onwards

8.6 Table 4 below shows how the Council will fund the 2017/18 capital programme.

Table 4: Funding the Capital Programme:

| | 2017/18 Balance at start of year £M | 2017/18 Additions £M | 2017/18 Funding Used £M | 2017/18 Balance at end of year £M |
|--|--|-------------------------------------|--|--|
| Useable Capital Receipts | 3.224 | 1.303 | (1.437) | 3.090 |
| Set-aside Receipts | 16.642 | | (6.390) | 10.252 |
| S106 receipts | | | (0.471) | |
| Other third party grants and contributions | | | (1.186) | |
| Total | 19.866 | 0 | (9.843) | |

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

9. LEGAL IMPLICATIONS

9.1 Cabinet’s terms of reference under 5.6.7 specifically includes “to monitor expenditure on the capital programme and agree adjustments within the overall budgetary framework”. The Cabinet also has a responsibility to keep under review the budget of the Council and any other matter having substantial implications for the financial resources of the Council. By considering monitoring reports throughout the financial year Cabinet is able to make informed recommendations on the budget to Council. The Council is under a duty to maintain a balanced budget.

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

10. FINANCIAL IMPLICATIONS

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

10.2 The Authority operates a tolerance limit on capital projects that depends on the value of the scheme and on this basis over the next four-year programme it should be anticipated that the total spend over the period could be £2.394million higher than the estimated £22.719million.

- 10.3 The capital programme will need to remain under close review due to the limited availability of capital resources and the affordability in the general fund of the cost of using the Council's capital receipts. When capital receipts are used and not replaced the availability of cash for investment reduces. Consequently interest income from investments reduces. £1.0million currently earns the Authority approximately £7k a year in interest. The general fund estimates are routinely updated to reflect the reduced income from investments. When the Capital Financing Requirement (CFR) reaches zero the Council will need to start charging a minimum revenue provision to the general fund for the cost of capital and will need to consider external borrowing for further capital spend. The CFR at the 31 March 2018 is negative £10million.
- 10.4 The Council also aims to ensure that the level of planned capital spending in any one-year matches the capacity of the organisation to deliver the schemes to ensure that the impact on the revenue budget of loss of cash-flow investment income is minimised.

11. RISK IMPLICATIONS

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

12. EQUALITIES IMPLICATIONS

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

13. SOCIAL VALUE IMPLICATIONS

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

14. HUMAN RESOURCE IMPLICATIONS

- 14.1 There are no direct human resource implications.

15. APPENDICES

- 15.1 Appendix A - Capital Programme Summary 2017/18 onwards.
Appendix B - Capital Programme Detail including Funding 2017/18 onwards.

16. CONTACT OFFICERS

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17. BACKGROUND PAPERS

- 17.1 2017/18 Budget Estimates Book.

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

By Council Priority

| Priority | 2016/17 Outturn £ | 2017/18 Working Estimate £ | 2017/18 Outturn £ | 2017/18 Movement £ | 2018/19 Revised Estimate £ | 2019/20 Revised Estimate £ | 2020/21 Revised Estimate £ | 2021/22 Revised Estimate £ |
|------------------------|-------------------------|-------------------------------------|-------------------------|--------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Attractive & Thriving | 2,105,700 | 3,146,000 | 2,497,800 | -648,200 | 4,345,100 | 0 | 300,000 | 0 |
| Prosper & Protect | 1,041,900 | 399,200 | 335,600 | -63,600 | 4,871,200 | 150,000 | 0 | 0 |
| Responsive & Efficient | 2,538,400 | 7,433,100 | 6,650,300 | -782,800 | 8,938,500 | 1,677,600 | 1,125,000 | 1,312,000 |
| Grand Total | 5,686,000 | 10,978,300 | 9,483,700 | -1,494,600 | 18,154,800 | 1,827,600 | 1,425,000 | 1,312,000 |

By Service Group

| Service Group | 2016/17 Outturn £ | 2017/18 Working Estimate £ | 2017/18 Outturn £ | 2017/18 Movement £ | 2018/19 Revised Estimate £ | 2019/20 Revised Estimate £ | 2020/21 Revised Estimate £ | 2021/22 Revised Estimate £ |
|--|-------------------------|-------------------------------------|-------------------------|--------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Advances & Cash Incentives | 0 | 0 | 0 | 0 | 1,096,000 | 0 | 0 | 0 |
| Asset Management | 1,395,400 | 6,091,300 | 5,532,300 | -559,000 | 4,311,000 | 150,000 | 0 | 0 |
| Building Control | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CCTV | 69,500 | 21,700 | 21,700 | 0 | 0 | 0 | 0 | 0 |
| Community Services | 427,500 | 371,200 | 364,000 | -7,200 | 746,500 | 250,000 | 120,000 | 0 |
| Computer Software and Equipment | 409,500 | 340,200 | 142,600 | -197,600 | 270,600 | 537,600 | 115,000 | 507,000 |
| Corporate Items | 2,100 | 10,600 | 0 | -10,600 | 2,510,600 | 0 | 0 | 0 |
| Growth Fund Projects | 0 | 0 | 0 | 0 | 713,000 | 0 | 0 | 0 |
| Leisure Facilities | 1,965,500 | 3,025,800 | 2,600,300 | -425,500 | 2,810,400 | 85,000 | 385,000 | 0 |
| Museum & Arts | 715,000 | 103,300 | 141,700 | 38,400 | 4,900 | 0 | 0 | 0 |
| Parking | 124,700 | 252,200 | 11,300 | -240,900 | 1,154,800 | 0 | 0 | 0 |
| Renovation & Reinstatement Grant Expenditure | 544,300 | 630,000 | 669,800 | 39,800 | 805,000 | 805,000 | 805,000 | 805,000 |
| Town Centre Enhancement | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Waste Disposal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Waste collection | 32,500 | 132,000 | 0 | -132,000 | 3,732,000 | 0 | 0 | 0 |
| Grand Total | 5,686,000 | 10,978,300 | 9,483,700 | -1,494,600 | 18,154,800 | 1,827,600 | 1,425,000 | 1,312,000 |

Capital Funding Source

| Service Group | 2016/17 Outturn £ | 2017/18 Working Estimate £ | 2017/18 Outturn £ | 2017/18 Movement £ | 2018/19 Revised Estimate £ | 2019/20 Revised Estimate £ | 2020/21 Revised Estimate £ | 2021/22 Revised Estimate £ |
|----------------------------------|-------------------------|-------------------------------------|-------------------------|--------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Capital Receipt | 2,328,100 | 1,858,200 | 1,436,700 | -421,500 | 5,356,200 | 1,082,600 | 393,000 | 567,000 |
| Government Grant | 520,200 | 675,100 | 704,900 | 29,800 | 1,508,000 | 745,000 | 745,000 | 745,000 |
| IT Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Revenue Contribution / Borrowing | 0 | 0 | 0 | 0 | 540,400 | 0 | 0 | 0 |
| Other Capital Contributions | 196,100 | 490,000 | 480,900 | -9,100 | 163,000 | 0 | 250,000 | 0 |
| S106 Funding | 457,000 | 328,160 | 471,000 | 142,840 | 355,600 | 0 | 37,000 | 0 |
| Drawdown of cash investments | 2,184,600 | 7,626,840 | 6,390,200 | -1,236,640 | 10,231,600 | 0 | 0 | 0 |
| Grand Total | 5,686,000 | 10,978,300 | 9,483,700 | -1,494,600 | 18,154,800 | 1,827,600 | 1,425,000 | 1,312,000 |

Capital Receipt Analysis

| | 2016/17 Outturn £ | 2017/18 Working Budget £ | 2017/18 Revised Funding £ | | 2018/19 Estimate £ | 2019/20 Estimate £ | 2020/21 Estimate £ | 2021/22 Estimate £ |
|--|-------------------------|-----------------------------------|------------------------------------|-------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| B/fwd Capital Receipt Funding | -5,452,940 | -3,223,516 | -3,223,516 | | -3,090,265 | -234,065 | -3,151,465 | -3,508,465 |
| Add: Capital Receipts Received in Year | -98,676 | 0 | -1,303,449 | -1,303,449 | -2,500,000 | -4,000,000 | -750,000 | -1,250,000 |
| Less: Capital Receipts Used in Year | 2,328,100 | 1,858,200 | 1,436,700 | -421,500 | 5,356,200 | 1,082,600 | 393,000 | 567,000 |
| C/Fwd Capital Receipt Funding | -3,223,516 | -1,365,316 | -3,090,265 | -1,724,949 | -234,065 | -3,151,465 | -3,508,465 | -4,191,465 |

Set-Aside Receipts Analysis

| | 2016/17 Outturn £'000 | 2017/18 Working Budget £'000 | 2017/18 Revised Funding £'000 | | 2018/19 Estimate £'000 | 2019/20 Estimate £'000 | 2020/21 Estimate £'000 | 2021/22 Estimate £'000 |
|--|-----------------------------|---------------------------------------|--|-------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| B/fwd Set-Aside Receipt Funding | -18,827,000 | -16,642,400 | -16,642,400 | | -10,252,200 | -20,600 | -20,600 | -20,600 |
| Set-Aside Receipts Received in Year | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Set -Aside Receipts Used in Year | 2,184,600 | 7,626,840 | 6,390,200 | -1,236,640 | 10,231,600 | 0 | 0 | 0 |
| C/Fwd Set-Aside Receipt Funding | -16,642,400 | -9,015,560 | -10,252,200 | -1,236,640 | -20,600 | -20,600 | -20,600 | -20,600 |

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| Project | | 2016/17 Funding £ | 2017/18 Funding £ | 2018/19 Funding £ | 2019/20 Funding £ | 2020/21 Funding £ | 2021/22 Funding £ |
|--|------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| 40 KVA UPS Device or Battery Replacement | Capital Receipt | | | | 7,000 | | |
| 40 KVA UPS Device or Battery Replacement Total | | 0 | 0 | 0 | 7,000 | 0 | 0 |
| Additional PC's - Support Home Working/OAP | Capital Receipt | | | | 13,000 | | |
| Additional PC's - Support Home Working/OAP | Drawdown of cash investments | | 12,700 | | | | |
| Additional PC's - Support Home Working/OAP Total | | 0 | 12,700 | 0 | 13,000 | 0 | 0 |
| Additional Storage | Capital Receipt | | | | 13,000 | | |
| Additional Storage | Drawdown of cash investments | | | 12,000 | | | |
| Additional Storage Total | | 0 | 0 | 12,000 | 13,000 | 0 | 0 |
| Alternative to safeword tokens for staff/members working | Capital Receipt | | | | 8,000 | | |
| Alternative to safeword tokens for staff/members working | | 0 | 0 | 0 | 8,000 | 0 | 0 |
| Area Visioning | Drawdown of cash investments | 4,600 | 26,400 | | | | |
| Area Visioning Total | | 4,600 | 26,400 | 0 | 0 | 0 | 0 |
| Backup Diesel 40 KVA Generator (DCO) | Capital Receipt | | | | 20,000 | | |
| Backup Diesel 40 KVA Generator (DCO) Total | | 0 | 0 | 0 | 20,000 | 0 | 0 |
| Baldock Road Recreation Grounds | Capital Receipt | 62,300 | | | | | |
| Baldock Road Recreation Grounds Total | | 62,300 | 0 | 0 | 0 | 0 | 0 |
| Baldock Town Hall project | Drawdown of cash investments | 13,200 | | 74,500 | | | |
| Baldock Town Hall project | S106 Funding | | 1,500 | 800 | | | |
| Baldock Town Hall project Total | | 13,200 | 1,500 | 75,300 | 0 | 0 | 0 |
| Bancroft Gardens Play Area | Capital Receipt | 12,800 | 36,800 | 2,200 | | | |
| Bancroft Gardens Play Area | S106 Funding | 8,300 | 11,500 | 3,400 | | | |
| Bancroft Gardens Play Area Total | | 21,100 | 48,300 | 5,600 | 0 | 0 | 0 |
| Bancroft Recreation Ground, Hitchin, Multi Use Games Area (MUGA) | Capital Receipt | | | 24,100 | | | |
| Bancroft Recreation Ground, Hitchin, Multi Use Games Area (MUGA) | Other Capital Contributions | | | 80,000 | | | |
| Bancroft Recreation Ground, Hitchin, Multi Use Games Area (MUGA) | S106 Funding | | | 65,900 | | | |

| Project | | 2016/17 Funding £ | 2017/18 Funding £ | 2018/19 Funding £ | 2019/20 Funding £ | 2020/21 Funding £ | 2021/22 Funding £ |
|--|------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Bancroft Recreation Ground, Hitchin, Multi Use Games Area (MUGA) Total | | 0 | 0 | 170,000 | 0 | 0 | 0 |
| Burymead Road - new roof waterproofing system | Drawdown of cash investments | 51,200 | | | | | |
| Burymead Road - new roof waterproofing system Total | | 51,200 | 0 | 0 | 0 | 0 | 0 |
| Butts Close renovation, Hitchin | Capital Receipt | 3,700 | | | | | |
| Butts Close renovation, Hitchin | S106 Funding | 14,200 | | | | | |
| Butts Close renovation, Hitchin Total | | 17,900 | 0 | 0 | 0 | 0 | 0 |
| Cabinet Switches - 4 Floors | Capital Receipt | | | | | | 18,000 |
| Cabinet Switches - 4 Floors | Drawdown of cash investments | | 6,700 | | | | |
| Cabinet Switches - 4 Floors Total | | 0 | 6,700 | 0 | 0 | 0 | 18,000 |
| Cadcorp Local Knowledge & Notice Board Software | Capital Receipt | | | 13,500 | | | |
| Cadcorp Local Knowledge & Notice Board Software Total | | 0 | 0 | 13,500 | 0 | 0 | 0 |
| Capitalised Pension Fund Contribution | Drawdown of cash investments | | | 2,500,000 | | | |
| Capitalised Pension Fund Contribution Total | | 0 | 0 | 2,500,000 | 0 | 0 | 0 |
| Careline Community Alarms | Drawdown of cash investments | 3,200 | | | | | |
| Careline Community Alarms Total | | 3,200 | 0 | 0 | 0 | 0 | 0 |
| CCTV cameras from tilt to dome mechanism | Capital Receipt | 2,700 | | | | | |
| CCTV cameras from tilt to dome mechanism Total | | 2,700 | 0 | 0 | 0 | 0 | 0 |
| Channel shift - processing of housing register applications | Drawdown of cash investments | | | 40,000 | | | |
| Channel shift - processing of housing register applications Total | | 0 | 0 | 40,000 | 0 | 0 | 0 |
| Construction of pathway and roadway, Wilbury Hills Cemetery, Letchworth | Capital Receipt | | | 35,000 | | | |
| Construction of pathway and roadway, Wilbury Hills Cemetery, Letchworth Total | | 0 | 0 | 35,000 | 0 | 0 | 0 |
| Core Backbone Switch | Capital Receipt | 10,100 | | | 20,000 | | |
| Core Backbone Switch Total | | 10,100 | 0 | 0 | 20,000 | 0 | 0 |
| Council property improvements following condition surveys | Capital Receipt | 260,000 | 63,600 | 315,000 | | | |

| Project | | 2016/17 Funding £ | 2017/18 Funding £ | 2018/19 Funding £ | 2019/20 Funding £ | 2020/21 Funding £ | 2021/22 Funding £ |
|--|----------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Council property improvements following condition surveys | Drawdown of cash investments | | | 19,600 | | | |
| Council property improvements following condition surveys | Revenue Contribution / Borrowing | | | 540,400 | | | |
| Council property improvements following condition surveys Total | | 260,000 | 63,600 | 875,000 | 0 | 0 | 0 |
| Customer Relationship Manager software v8 | Capital Receipt | 1,000 | | | | | |
| Customer Relationship Manager software v8 Total | | 1,000 | 0 | 0 | 0 | 0 | 0 |
| Customer Self Serve Module | Capital Receipt | | | 3,000 | | | |
| Customer Self Serve Module Total | | 0 | 0 | 3,000 | 0 | 0 | 0 |
| Cyber Attacks - Events Monitoring Software Solution | Capital Receipt | | | 30,000 | | | |
| Cyber Attacks - Events Monitoring Software Solution Total | | 0 | 0 | 30,000 | 0 | 0 | 0 |
| Cycle Strategy implementation (GAF) | Government Grant | | | 278,000 | | | |
| Cycle Strategy implementation (GAF) Total | | 0 | 0 | 278,000 | 0 | 0 | 0 |
| Decommissioning of Pavilions | Capital Receipt | | | 120,000 | | | |
| Decommissioning of Pavilions Total | | 0 | 0 | 120,000 | 0 | 0 | 0 |
| Decommissioning of Play Areas | Capital Receipt | | | 130,000 | | | |
| Decommissioning of Play Areas Total | | 0 | 0 | 130,000 | 0 | 0 | 0 |
| Dell Servers | Capital Receipt | | | | 65,000 | | |
| Dell Servers Total | | 0 | 0 | 0 | 65,000 | 0 | 0 |
| Demolish 4 disused tennis courts and landscape to grass and planted area at Bancroft Recreation Ground, Hitchin | Capital Receipt | 35,000 | | | | | |
| Demolish 4 disused tennis courts and landscape to grass and planted area at Bancroft Recreation Ground, Hitchin | Drawdown of cash investments | 3,200 | | | | | |
| Demolish 4 disused tennis courts and landscape to grass and planted area at Bancroft Recreation Ground, Hitchin Total | | 38,200 | 0 | 0 | 0 | 0 | 0 |
| Demolition of Bancroft Hall | Drawdown of cash investments | 44,800 | | 600 | | | |
| Demolition of Bancroft Hall Total | | 44,800 | 0 | 600 | 0 | 0 | 0 |

| Project | | 2016/17 Funding £ | 2017/18 Funding £ | 2018/19 Funding £ | 2019/20 Funding £ | 2020/21 Funding £ | 2021/22 Funding £ |
|--|------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Dog / Litter Bins | Capital Receipt | | 32,600 | | | | |
| Dog / Litter Bins Total | | 0 | 32,600 | 0 | 0 | 0 | 0 |
| DR Set-up | Capital Receipt | 42,100 | | | 25,000 | | |
| DR Set-up | Drawdown of cash investments | | | 47,400 | | | |
| DR Set-up Total | | 42,100 | 0 | 47,400 | 25,000 | 0 | 0 |
| EA Agreement (MS EA) TN agreed funded within 4571 Account | Capital Receipt | 90,000 | -5,200 | | 199,600 | | 450,000 |
| EA Agreement (MS EA) TN agreed funded within 4571 Account | Drawdown of cash investments | 145,400 | | | | | |
| EA Agreement (MS EA) TN agreed funded within 4571 Account Total | | 235,400 | -5,200 | 0 | 199,600 | 0 | 450,000 |
| Email / Web Gateway with SPAM Filtering Software Solution - Licence 3 Year Contract | Capital Receipt | | 28,000 | | | 39,000 | |
| Email / Web Gateway with SPAM Filtering Software Solution - Licence 3 Year Contract Total | | 0 | 28,000 | 0 | 0 | 39,000 | 0 |
| Email Encryption Software Solution | Capital Receipt | 31,100 | | | | 45,000 | |
| Email Encryption Software Solution Total | | 31,100 | 0 | 0 | 0 | 45,000 | 0 |
| Energy efficiency measures | Drawdown of cash investments | | 51,500 | 8,500 | | | |
| Energy efficiency measures Total | | 0 | 51,500 | 8,500 | 0 | 0 | 0 |
| Financial System upgrade - E-series | Drawdown of cash investments | 3,700 | 4,400 | | | | |
| Financial System upgrade - E-series Total | | 3,700 | 4,400 | 0 | 0 | 0 | 0 |
| Food Waste Caddies | Drawdown of cash investments | | | 132,000 | | | |
| Food Waste Caddies Total | | 0 | 0 | 132,000 | 0 | 0 | 0 |
| Grange Recreation Ground Improvements | Capital Receipt | 12,400 | | | | | |
| Grange Recreation Ground Improvements | S106 Funding | 2,800 | | | | | |
| Grange Recreation Ground Improvements Total | | 15,200 | 0 | 0 | 0 | 0 | 0 |
| Green Infrastructure implementation (GAF) | Government Grant | | | 185,000 | | | |
| Green Infrastructure implementation (GAF) Total | | 0 | 0 | 185,000 | 0 | 0 | 0 |
| Hitchin & Royston Fitness Equipment | Other Capital Contributions | | 480,900 | | | | |
| Hitchin & Royston Fitness Equipment Total | | 0 | 480,900 | 0 | 0 | 0 | 0 |

| Project | | 2016/17 Funding £ | 2017/18 Funding £ | 2018/19 Funding £ | 2019/20 Funding £ | 2020/21 Funding £ | 2021/22 Funding £ |
|--|------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Hitchin Multi Storey Safety and Equalities Act improvements | Drawdown of cash investments | | 700 | 39,300 | | | |
| Hitchin Multi Storey Safety and Equalities Act improvements Total | | 0 | 700 | 39,300 | 0 | 0 | 0 |
| Hitchin Outdoor Pool Showers and Toilets | Drawdown of cash investments | | | 75,000 | | | |
| Hitchin Outdoor Pool Showers and Toilets Total | | 0 | 0 | 75,000 | 0 | 0 | 0 |
| Hitchin Swim Centre - small paddling pool resurfacing | Drawdown of cash investments | 500 | | | | | |
| Hitchin Swim Centre - small paddling pool resurfacing Total | | 500 | 0 | 0 | 0 | 0 | 0 |
| Hitchin Swimming Centre Lift | Drawdown of cash investments | | 3,100 | 96,900 | | | |
| Hitchin Swimming Centre Lift Total | | 0 | 3,100 | 96,900 | 0 | 0 | 0 |
| Hitchin Swimming Pool Car Park extension | Capital Receipt | 2,500 | 28,200 | 497,700 | | | |
| Hitchin Swimming Pool Car Park extension Total | | 2,500 | 28,200 | 497,700 | 0 | 0 | 0 |
| Improvements to fixing systems to glazed walkway, Lairage Car Park, Hitchin | Drawdown of cash investments | 56,900 | | | | | |
| Improvements to fixing systems to glazed walkway, Lairage Car Park, Hitchin Total | | 56,900 | 0 | 0 | 0 | 0 | 0 |
| Infrastructure: Back-Up Diesel 40 KVA Generator DCO | Capital Receipt | 12,800 | | | | | |
| Infrastructure: Back-Up Diesel 40 KVA Generator DCO Total | | 12,800 | 0 | 0 | 0 | 0 | 0 |
| Installation of trial on-street charging (GAF) | Government Grant | | | 50,000 | | | |
| Installation of trial on-street charging (GAF) Total | | 0 | 0 | 50,000 | 0 | 0 | 0 |
| Introduce a Traffic Regulation Order and Car park ticket machines into the 2 car parks at Norton Common | Capital Receipt | 11,000 | | | | | |
| Introduce a Traffic Regulation Order and Car park ticket machines into the 2 car parks at Norton Common Total | | 11,000 | 0 | 0 | 0 | 0 | 0 |
| Jackmans Central Play Area Renovation | Capital Receipt | | 64,500 | | | | |
| Jackmans Central Play Area Renovation | S106 Funding | | 10,500 | | | | |
| Jackmans Central Play Area Renovation Total | | 0 | 75,000 | 0 | 0 | 0 | 0 |
| Jackmans Creamery, Letchworth | Capital Receipt | 23,400 | | | | | |

| Project | | 2016/17 Funding £ | 2017/18 Funding £ | 2018/19 Funding £ | 2019/20 Funding £ | 2020/21 Funding £ | 2021/22 Funding £ |
|---|------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Jackmans Creamery, Letchworth Total | | 23,400 | 0 | 0 | 0 | 0 | 0 |
| John Barker Place, Hitchin | Drawdown of cash investments | | | 825,600 | | | |
| John Barker Place, Hitchin | S106 Funding | | | 270,400 | | | |
| John Barker Place, Hitchin Total | | 0 | 0 | 1,096,000 | 0 | 0 | 0 |
| Jontek Database Server | Government Grant | | 33,800 | | | | |
| Jontek Database Server Total | | 0 | 33,800 | 0 | 0 | 0 | 0 |
| Lairage Multi-Storey Car Par - Structural wall repairs | Drawdown of cash investments | -2,400 | 1,700 | 124,000 | | | |
| Lairage Multi-Storey Car Par - Structural wall repairs Total | | -2,400 | 1,700 | 124,000 | 0 | 0 | 0 |
| Laptops - Refresh Programme | Capital Receipt | | | 6,000 | | 6,000 | |
| Laptops - Refresh Programme Total | | 0 | 0 | 6,000 | 0 | 6,000 | 0 |
| Letchworth Multi_storey Car Park - parapet walls, soffit & degradation | Capital Receipt | | 8,900 | 137,600 | | | |
| Letchworth Multi_storey Car Park - parapet walls, soffit & degradation Total | | 0 | 8,900 | 137,600 | 0 | 0 | 0 |
| Letchworth multi-storey car park - lighting | Drawdown of cash investments | | | 22,700 | | | |
| Letchworth multi-storey car park - lighting Total | | 0 | 0 | 22,700 | 0 | 0 | 0 |
| Letchworth Outdoor Pool safety surface | Capital Receipt | | 3,500 | 56,500 | | | |
| Letchworth Outdoor Pool safety surface Total | | 0 | 3,500 | 56,500 | 0 | 0 | 0 |
| Letchworth Outdoor Pool Showers and Toilets | Drawdown of cash investments | | | 75,000 | | | |
| Letchworth Outdoor Pool Showers and Toilets Total | | 0 | 0 | 75,000 | 0 | 0 | 0 |
| Mandatory Disabled Facility Grants | Government Grant | 520,200 | 645,800 | 745,000 | 745,000 | 745,000 | 745,000 |
| Mandatory Disabled Facility Grants Total | | 520,200 | 645,800 | 745,000 | 745,000 | 745,000 | 745,000 |
| Mobile CCTV camera replacement | Drawdown of cash investments | 66,800 | | | | | |
| Mobile CCTV camera replacement Total | | 66,800 | 0 | 0 | 0 | 0 | 0 |
| New Blade Enclosure | Capital Receipt | | | | 32,000 | | |
| New Blade Enclosure Total | | 0 | 0 | 0 | 32,000 | 0 | 0 |
| NH Museum & Community Facility | Drawdown of cash investments | 477,900 | 92,700 | 4,900 | | | |
| NH Museum & Community Facility | Other Capital Contributions | 185,900 | | | | | |
| NH Museum & Community Facility | S106 Funding | | 49,000 | | | | |

| Project | | 2016/17 Funding £ | 2017/18 Funding £ | 2018/19 Funding £ | 2019/20 Funding £ | 2020/21 Funding £ | 2021/22 Funding £ |
|--|------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| NH Museum & Community Facility Total | | 663,800 | 141,700 | 4,900 | 0 | 0 | 0 |
| North Herts Leisure Centre Development | Capital Receipt | 1,408,900 | 892,400 | | | | |
| North Herts Leisure Centre Development | Drawdown of cash investments | | 744,100 | 220,100 | | | |
| North Herts Leisure Centre Development | S106 Funding | 48,100 | 65,600 | | | | |
| North Herts Leisure Centre Development Total | | 1,457,000 | 1,702,100 | 220,100 | 0 | 0 | 0 |
| Norton Common Wheeled Sports improvements | Drawdown of cash investments | | 7,600 | | | | |
| Norton Common Wheeled Sports improvements | S106 Funding | 11,000 | 142,100 | 9,300 | | | |
| Norton Common Wheeled Sports improvements Total | | 11,000 | 149,700 | 9,300 | 0 | 0 | 0 |
| Off Street Car Parks resurfacing and enhancement | Capital Receipt | 68,800 | | 91,200 | | | |
| Off Street Car Parks resurfacing and enhancement Total | | 68,800 | 0 | 91,200 | 0 | 0 | 0 |
| PC's - Refresh Programme | Capital Receipt | 17,000 | | 14,000 | 17,000 | 17,000 | 17,000 |
| PC's - Refresh Programme | Drawdown of cash investments | 8,000 | 20,000 | | | | |
| PC's Refresh Programme Total | | 25,000 | 20,000 | 14,000 | 17,000 | 17,000 | 17,000 |
| Permit gateway Citizen - to enable customers to renew permits on line | Capital Receipt | 4,300 | | 10,700 | | | |
| Permit gateway Citizen - to enable customers to renew permits on line Total | | 4,300 | 0 | 10,700 | 0 | 0 | 0 |
| Pool filter refurb and UV system at North Herts Leisure Centre | Drawdown of cash investments | 54,600 | | | | | |
| Pool filter refurb and UV system at North Herts Leisure Centre Total | | 54,600 | 0 | 0 | 0 | 0 | 0 |
| Portable Pendants | Government Grant | | 15,000 | | | | |
| Portable Pendants Total | | 0 | 15,000 | 0 | 0 | 0 | 0 |
| Premises compliance enhancements | Drawdown of cash investments | -100 | | | | | |
| Premises compliance enhancements Total | | -100 | 0 | 0 | 0 | 0 | 0 |
| Private Sector Grants | Capital Receipt | 24,100 | 24,000 | 60,000 | 60,000 | 60,000 | 60,000 |
| Private Sector Grants Total | | 24,100 | 24,000 | 60,000 | 60,000 | 60,000 | 60,000 |
| Provide housing at market rents. | Capital Receipt | | | 2,150,000 | 150,000 | | |
| Provide housing at market rents. | Drawdown of cash investments | | | 700,000 | | | |
| Provide housing at market rents. Total | | 0 | 0 | 2,850,000 | 150,000 | 0 | 0 |

| Project | | 2016/17 Funding £ | 2017/18 Funding £ | 2018/19 Funding £ | 2019/20 Funding £ | 2020/21 Funding £ | 2021/22 Funding £ |
|--|------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Purchase of 14 & 15 Brand Street | Drawdown of cash investments | | | 550,000 | | | |
| Purchase of 14 & 15 Brand Street Total | | 0 | 0 | 550,000 | 0 | 0 | 0 |
| Recording of Council Meetings | Capital Receipt | | | 64,000 | | | |
| Recording of Council Meetings Total | | 0 | 0 | 64,000 | 0 | 0 | 0 |
| Refurbishment and improvement of community facilities | Capital Receipt | | 165,400 | 670,600 | 250,000 | 120,000 | |
| Refurbishment and improvement of community facilities Total | | 0 | 165,400 | 670,600 | 250,000 | 120,000 | 0 |
| Refurbishment of DCO | Drawdown of cash investments | 613,200 | 5,288,100 | | | | |
| Refurbishment of DCO Total | | 613,200 | 5,288,100 | 0 | 0 | 0 | 0 |
| Refurbishment of lifts at Lairage Car Park | Capital Receipt | | | 360,000 | | | |
| Refurbishment of lifts at Lairage Car Park Total | | 0 | 0 | 360,000 | 0 | 0 | 0 |
| Repair concrete slabs that surround the Hitchin outdoor pool. | Capital Receipt | 24,600 | 30,600 | 1,500 | | | |
| Repair concrete slabs that surround the Hitchin outdoor pool. Total | | 24,600 | 30,600 | 1,500 | 0 | 0 | 0 |
| Renew pathways at Bancroft Recreation Ground, Hitchin | Capital Receipt | | 14,600 | 23,100 | | | |
| Renew pathways at Bancroft Recreation Ground, Hitchin | S106 Funding | | 12,300 | | | | |
| Renew pathways at Bancroft Recreation Ground, Hitchin Total | | 0 | 26,900 | 23,100 | 0 | 0 | 0 |
| Renovate play area Howard Park, Letchworth | Capital Receipt | | | | | 75,000 | |
| Renovate play area Howard Park, Letchworth Total | | 0 | 0 | 0 | 0 | 75,000 | 0 |
| Renovate play area King George V Recreation Ground, Hitchin | Capital Receipt | | | | 75,000 | | |
| Renovate play area King George V Recreation Ground, Hitchin Total | | 0 | 0 | 0 | 75,000 | 0 | 0 |
| Renovate play area, District Park, Gt. Ashby | Capital Receipt | | | 75,000 | | | |
| Renovate play area, District Park, Gt. Ashby Total | | 0 | 0 | 75,000 | 0 | 0 | 0 |
| Replace and enhance lighting at St Mary's Car Park | Capital Receipt | | | 60,000 | | | |
| Replace and enhance lighting at St Mary's Car Park Total | | 0 | 0 | 60,000 | 0 | 0 | 0 |
| Replace items of equipment, Brook View, Hitchin | Capital Receipt | | 10,000 | | | | |

| Project | | 2016/17 Funding £ | 2017/18 Funding £ | 2018/19 Funding £ | 2019/20 Funding £ | 2020/21 Funding £ | 2021/22 Funding £ |
|--|------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Replace items of equipment, Brook View, Hitchin Total | | 0 | 10,000 | 0 | 0 | 0 | 0 |
| Replace items of play equipment Holroyd Cres, Baldock | Capital Receipt | | | | | 10,000 | |
| Replace items of play equipment Holroyd Cres, Baldock Total | | 0 | 0 | 0 | 0 | 10,000 | 0 |
| Replace items of play equipment Wilbury Recreation Ground, Letchworth | Capital Receipt | | | | 10,000 | | |
| Replace items of play equipment Wilbury Recreation Ground, Letchworth Total | | 0 | 0 | 0 | 10,000 | 0 | 0 |
| Replace items of play equipment, Chiltern Road, Baldock | Capital Receipt | | | 10,000 | | | |
| Replace items of play equipment, Chiltern Road, Baldock Total | | 0 | 0 | 10,000 | 0 | 0 | 0 |
| Replace main pool grating and overflow gullies at Hitchin Swim Centre | Capital Receipt | 51,500 | 1,100 | | | | |
| Replace main pool grating and overflow gullies at Hitchin Swim Centre Total | | 51,500 | 1,100 | 0 | 0 | 0 | 0 |
| Replace seating at Hitchin Swimming Centre | Drawdown of cash investments | 9,900 | | | | | |
| Replace seating at Hitchin Swimming Centre Total | | 9,900 | 0 | 0 | 0 | 0 | 0 |
| Replacement of neighbourhood CCTV equipment | Capital Receipt | | 21,700 | | | | |
| Replacement of neighbourhood CCTV equipment Total | | 0 | 21,700 | 0 | 0 | 0 | 0 |
| Replacement of Walsworth Common Access Bridge | Drawdown of cash investments | 5,500 | 113,600 | 3,000 | | | |
| Replacement of Walsworth Common Access Bridge Total | | 5,500 | 113,600 | 3,000 | 0 | 0 | 0 |
| Replacement SAN | Capital Receipt | | | | 110,000 | | |
| Replacement SAN Total | | 0 | 0 | 0 | 110,000 | 0 | 0 |
| Royston Leisure Centre extension | Drawdown of cash investments | | | 1,000,000 | | | |
| Royston Leisure Centre extension Total | | 0 | 0 | 1,000,000 | 0 | 0 | 0 |
| Rural Community Halls Grant Scheme | Other Capital Contributions | 10,200 | | | | | |
| Rural Community Halls Grant Scheme Total | | 10,200 | 0 | 0 | 0 | 0 | 0 |
| S106 Projects | S106 Funding | 354,200 | 170,742 | | | | |
| S106 Projects Total | | 354,200 | 170,742 | 0 | 0 | 0 | 0 |
| Scheme Alarms | Government Grant | | 10,300 | | | | |

| Project | | 2016/17 Funding £ | 2017/18 Funding £ | 2018/19 Funding £ | 2019/20 Funding £ | 2020/21 Funding £ | 2021/22 Funding £ |
|--|------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Scheme Alarms Total | | 0 | 10,300 | 0 | 0 | 0 | 0 |
| Security - Firewalls | Capital Receipt | | | | | | 14,000 |
| Security - Firewalls | Drawdown of cash investments | | 9,900 | 14,000 | | | |
| Security - Firewalls Total | | 0 | 9,900 | 14,000 | 0 | 0 | 14,000 |
| Serby Avenue Play Area renovation, Royston | Capital Receipt | 67,200 | | | | | |
| Serby Avenue Play Area renovation, Royston | S106 Funding | | 7,800 | | | | |
| Serby Avenue Play Area renovation, Royston Total | | 67,200 | 7,800 | 0 | 0 | 0 | 0 |
| Server / Infrastructure Refresh | Capital Receipt | -4,200 | | | | | |
| Server / Infrastructure Refresh Total | | -4,200 | 0 | 0 | 0 | 0 | 0 |
| Smithsons Recreation Ground | Capital Receipt | 5,900 | 500 | | | | |
| Smithsons Recreation Ground | S106 Funding | 18,400 | | | | | |
| Smithsons Recreation Ground Total | | 24,300 | 500 | 0 | 0 | 0 | 0 |
| Software for personalised bills and annual billing. | Capital Receipt | 12,900 | | 6,000 | | | |
| Software for personalised bills and annual billing. Total | | 12,900 | 0 | 6,000 | 0 | 0 | 0 |
| Splash Park at Bancroft Recreation Ground | Drawdown of cash investments | 28,300 | | 10,900 | | | |
| Splash Park at Bancroft Recreation Ground | S106 Funding | | | 800 | | | |
| Splash Park at Bancroft Recreation Ground Total | | 28,300 | 0 | 11,700 | 0 | 0 | 0 |
| Splash Park at Priory Memorial, Royston | Drawdown of cash investments | 45,000 | | 15,000 | | | |
| Splash Park at Priory Memorial, Royston Total | | 45,000 | 0 | 15,000 | 0 | 0 | 0 |
| SQL Licence Costs | Capital Receipt | 25,000 | | | | | |
| SQL Licence Costs Total | | 25,000 | 0 | 0 | 0 | 0 | 0 |
| St John's Chapel Hitchin, Re-roofing | Capital Receipt | 200 | | | | | |
| St John's Chapel Hitchin, Re-roofing Total | | 200 | 0 | 0 | 0 | 0 | 0 |
| St Mary's car park. Structural repairs to steps | Capital Receipt | 1,400 | | 35,000 | | | |
| St Mary's car park. Structural repairs to steps Total | | 1,400 | 0 | 35,000 | 0 | 0 | 0 |
| Storage Facilities | Capital Receipt | | 15,500 | 24,500 | | | |
| Storage Facilities | Drawdown of cash investments | 515,100 | | | | | |
| Storage Facilities Total | | 515,100 | 15,500 | 24,500 | 0 | 0 | 0 |
| Tablets - Android Devices | Capital Receipt | 7,100 | | | 8,000 | 8,000 | 8,000 |
| Tablets - Android Devices | Drawdown of cash investments | | 7,000 | 10,000 | | | |

| Project | | 2016/17 Funding £ | 2017/18 Funding £ | 2018/19 Funding £ | 2019/20 Funding £ | 2020/21 Funding £ | 2021/22 Funding £ |
|--|------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Tablets - Android Devices Total | | 7,100 | 7,000 | 10,000 | 8,000 | 8,000 | 8,000 |
| Telephony system | Drawdown of cash investments | 2,100 | | 10,600 | | | |
| Telephony system Total | | 2,100 | 0 | 10,600 | 0 | 0 | 0 |
| Town Centre pay & display machines for on-street charging | Capital Receipt | | | 235,000 | | | |
| Town Centre pay & display machines for on-street charging Total | | 0 | 0 | 235,000 | 0 | 0 | 0 |
| Town Lodge - Various patch repairs to the roof | Drawdown of cash investments | 1,500 | | | | | |
| Town Lodge - Various patch repairs to the roof Total | | 1,500 | 0 | 0 | 0 | 0 | 0 |
| Transport Plans implementation (GAF) | Government Grant | | | 250,000 | | | |
| Transport Plans implementation (GAF) Total | | 0 | 0 | 250,000 | 0 | 0 | 0 |
| Ultra Violet water disinfection system | Capital Receipt | | | 50,000 | | | |
| Ultra Violet water disinfection system Total | | 0 | 0 | 50,000 | 0 | 0 | 0 |
| Walsworth Common Pavilion - contribution to scheme | Capital Receipt | | | | | 13,000 | |
| Walsworth Common Pavilion - contribution to scheme | Other Capital Contributions | | | | | 250,000 | |
| Walsworth Common Pavilion - contribution to scheme | S106 Funding | | | | | 37,000 | |
| Walsworth Common Pavilion - contribution to scheme Total | | 0 | 0 | 0 | 0 | 300,000 | 0 |
| Walsworth Common Pitch Improvements | Capital Receipt | | | 15,000 | | | |
| Walsworth Common Pitch Improvements Total | | 0 | 0 | 15,000 | 0 | 0 | 0 |
| Other Capital Contributions | Other Capital Contributions | | | 83,000 | | | |
| Other Capital Contributions | S106 Funding | | | 5,000 | | | |
| Other Capital Contributions Total | | 0 | 0 | 88,000 | 0 | 0 | 0 |
| Walsworth Common Reconstruction of Car Park | Capital Receipt | | | 30,000 | | | |
| Walsworth Common Reconstruction of Car Park Total | | 0 | 0 | 30,000 | 0 | 0 | 0 |
| Waste and Street Cleansing Data Mgmt | Drawdown of cash investments | 32,500 | | | | | |
| Waste and Street Cleansing Data Mgmt Total | | 32,500 | 0 | 0 | 0 | 0 | 0 |
| Waste and Street Cleansing Vehicles | Drawdown of cash investments | | | 3,600,000 | | | |
| Waste and Street Cleansing Vehicles Total | | 0 | 0 | 3,600,000 | 0 | 0 | 0 |
| Westmill Community Centre Design Work | Capital Receipt | 500 | | | | | |

| Project | 2016/17 Funding £ | 2017/18 Funding £ | 2018/19 Funding £ | 2019/20 Funding £ | 2020/21 Funding £ | 2021/22 Funding £ |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Westmill Community Centre Design Work Total | 500 | 0 | 0 | 0 | 0 | 0 |
| Grand Total | 5,686,000 | 9,483,742 | 18,154,800 | 1,827,600 | 1,425,000 | 1,312,000 |

Summary

| | | | | | | |
|----------------------------------|------------------|------------------|-------------------|------------------|------------------|------------------|
| Capital Receipt | 2,328,100 | 1,436,700 | 5,356,200 | 1,082,600 | 393,000 | 567,000 |
| Government Grant | 520,200 | 704,900 | 1,508,000 | 745,000 | 745,000 | 745,000 |
| Revenue Contribution / Borrowing | 0 | 0 | 540,400 | 0 | 0 | 0 |
| Other Capital Contributions | 196,100 | 480,900 | 163,000 | 0 | 250,000 | 0 |
| S106 Funding | 457,000 | 471,042 | 355,600 | 0 | 37,000 | 0 |
| Drawdown of cash investments | 2,184,600 | 6,390,200 | 10,231,600 | 0 | 0 | 0 |
| | 5,686,000 | 9,483,742 | 18,154,800 | 1,827,600 | 1,425,000 | 1,312,000 |

**CABINET
19 JUNE 2018**

PART 1 – PUBLIC DOCUMENT

AGENDA ITEM No.

10

TITLE OF REPORT: ANNUAL TREASURY MANAGEMENT REVIEW 2017/18

REPORT OF: SERVICE DIRECTOR - RESOURCES
EXECUTIVE MEMBER : CLLR JULIAN CUNNINGHAM
COUNCIL PRIORITY : RESPONSIVE AND EFFICIENT

1. EXECUTIVE SUMMARY

- 1.1 During the year the Council has generated **£0.334million** of interest from its investments. This is slightly above the budgeted total of £0.320million. The Council continues to invest in smaller Building Societies (subject to checks that compare the size of the Society with that of the investment) but does not invest outside of the UK.
- 1.2 The Council has repaid £0.025million of borrowing during the year as it has matured. The Council has £0.455million of remaining borrowing. This borrowing is at a fixed rate for a fixed period. The premium incurred from repaying this borrowing early means that it is not worthwhile to do so.
- 1.3 The Council complied with its legislative and regulatory requirements throughout the year. There were however three minor breaches of the limit set on the percentage that can be invested with a single counterparty.
- 1.4 The forecast for 2018/19 is that investment income will continue to reduce due to both market conditions and the use of cash balances to fund the capital programme.

2. RECOMMENDATIONS

- 2.1 Cabinet is asked to note the position of Treasury Management activity as at the end of March 2018.
- 2.2 Cabinet is asked to recommend this report to Council and ask Council to:
 - 1) Approve the actual 2017/18 prudential and treasury indicators
 - 2) Note the annual Treasury Report for 2017/18.

3. REASONS FOR RECOMMENDATIONS

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

4. ALTERNATIVE OPTIONS CONSIDERED

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

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

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

6. FORWARD PLAN

- 6.1 This report contains a recommendation on a key decision that was first notified to the public in the Forward Plan on the 16th February 2018

7. BACKGROUND

- 7.1 Members adopted the 2017/18 Treasury Strategy at the meeting of full Council on the 9th February 2017. There were no changes from the 2016/17 Strategy although there were a couple of clarifications to the Property Fund criteria.
- 7.2 Members received updates on treasury activity at quarterly intervals during 2017/18, and this report represents the final quarterly update.

8. RELEVANT CONSIDERATIONS

- 8.1 Appendix A provides the Treasury Management update at year end. This document begins with information on the wider economic climate and hence provides context to Treasury activities. The remainder of the document contains an update on the Council's investment strategy.
- 8.2 In summary, the Council has generally operated both within the treasury and prudential indicators set out in the Treasury Management Strategy Statement and in compliance with the Treasury Management Practices. There were however three breaches of the expressed limit of "investing no more than 10% of outstanding investments with one counter party". An existing investment was renewed with National Counties Building Society on 20th March for £1.5M and although the total invested with them remained unchanged, this was slightly over the 10% limit at 11.01%. Also two investments were placed with other Local Authorities in March that were over the 10% limit.

- 8.3 The Council generated £0.334M of interest during 2017/18. The average interest rate agreed on new deals during the year by Tradition was 1.0%. The average interest rate on all outstanding investments at the 31st March was 1.13%.
- 8.4 The Council's activities expose it to a variety of risks (credit, liquidity and market). The Treasury Strategy sets out the Authority's appetite for the level of exposure to these risks.
- 8.5 **Credit Risk** – The possibility that other parties fail to pay amounts due to the Authority.
- 8.6 The Council's counterparty list comprises mostly UK building societies and UK banks with a Fitch (a credit rating agency) credit rating greater than BBB but also includes other Local Authorities and Public Corporations.
- 8.7 **Liquidity Risk** – the possibility that the Authority may not have funds available to meet its commitments to make payments.
- 8.8 Investments were split between the Cash Manager, Tradition and the In-House team. The In-House investments cover the day to day cash flow activity of the Council whilst the Cash Manager's investments take advantage of higher long term interest rates when they become available. However the in-house team are now often able to access most of the deals that Tradition can, without paying a fee. During 2018/19 the Cash Manager will only be used where they can access better rates.
- 8.9 **Market Risk** - the possibility that financial loss might arise as a result of changes in interest rates.
- 8.10 Investing long term (greater than one year) currently achieves higher interest rates than short term deals. The risks of long term deals are:
- (i) The longer the time period the longer the investment is exposed to default.
 - (ii) If the investment has a fixed interest rate, interest rates could rise and the potential to invest at a higher rate will be lost until the investment matures.
- 8.11 Members have indicated that they are prepared to accept this risk within the limits expressed in the Treasury Strategy which allows no more than 40% of outstanding investments to be invested for longer than 365 days at any one time. At the end of the year the Council had £1.0M (3.3%) invested for longer than 365 days.
- 8.12 **Interest (Yield)** - This year has continued to prove challenging to find counterparties willing to pay a reasonable return on cash investments, either long or short term. The uncertainty around interest rate changes has continued in 17/18, with the latest predictions signalling the first increase to the base rate around December 2018.
- 8.13 The investments outstanding at the 31 March 2018 were £32.8million. This compares to a balance of £39.9million at 31 March 2017. The reduced balance reflects the use of maturing investments to fund capital expenditure. Investment in capital projects will continue during 2018/19 and combined with declining returns for new investments means that the estimated investment interest for 2018/19 is expected to be in the region of £0.17M.

9. LEGAL IMPLICATIONS

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

10. FINANCIAL IMPLICATIONS

- 10.1 These are covered in section 8, and in particular sections 8.11 to 8.13.

11. RISK IMPLICATIONS

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

12. EQUALITIES IMPLICATIONS

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

13. SOCIAL VALUE IMPLICATIONS

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

14. HUMAN RESOURCE IMPLICATIONS

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

15. APPENDICES

- 15.1 Appendix A - Annual Treasury Management Review 2017/18.

16. CONTACT OFFICERS

Author

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Contributors

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17. **BACKGROUND PAPERS**

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

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APPENDIX A

Annual Treasury Management Review 2017/18 – North Hertfordshire District Council

April 2018

Annual Treasury Management Review 2017/18

1. Introduction

This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2017/18. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).

During 2017/18 the minimum reporting requirements were that the full Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council 09/02/2017)
- a mid-year (minimum) treasury update report (Council 21/11/2017)
- an annual review following the end of the year describing the activity compared to the strategy (this report)

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

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

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

2. The Economy and Interest Rates

During the calendar year of 2017, there was a major shift in expectations in financial markets in terms of how soon Bank Rate would start on a rising trend. After the UK economy surprised on the upside with strong growth in the second half of 2016, growth in 2017 was disappointingly weak in the first half of the year which meant that growth was the slowest for the first half of any year since 2012. The main reason for this was the sharp increase in inflation caused by the devaluation of sterling after the EU referendum, feeding increases into the cost of imports into the economy. This caused a reduction in consumer disposable income and spending power as inflation exceeded average wage increases. Consequently, the services sector of the economy, accounting for around 75% of GDP, saw weak growth as consumers responded by cutting back on their expenditure. However, growth did pick up modestly in the second half of 2017. Consequently, market expectations during the autumn, rose significantly that the MPC would be heading in the direction of imminently raising Bank Rate. The minutes of the MPC meeting of 14 September indicated that the MPC was likely to raise Bank Rate very soon. The 2 November MPC quarterly Inflation Report meeting duly delivered by raising Bank Rate from 0.25% to 0.50%.

The 8 February MPC meeting minutes then revealed another sharp hardening in MPC warnings on a more imminent and faster pace of increases in Bank Rate than had previously been expected. Market expectations for increases in Bank Rate, therefore, shifted considerably during the second half of 2017-18 and resulted in **investment rates** from 3 – 12 months increasing sharply during the spring quarter.

PWLB borrowing rates increased correspondingly to the above developments with the shorter term rates increasing more sharply than longer term rates. In addition, UK gilts have moved in a relatively narrow band this year, (within 0.25% for much of the year), compared to **US treasuries**. During the second half of the year, there was a noticeable trend in treasury yields being on a rising trend with the Fed raising rates by 0.25% in June, December and March, making six increases in all from the floor. The effect of these three increases was greater in shorter terms around 5 year, rather than longer term yields.

The major UK landmark event of the year was the inconclusive result of the **general election** on 8 June. However, this had relatively little impact on financial markets.

3. Overall Treasury Position as at 31 March 2018

During 2017/18, the Council complied with its legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows:

| Prudential and treasury indicators | 2016/17 Actual £'000 | 2017/18 Forecast £'000 | 2017/18 Actual £'000 |
|------------------------------------|----------------------------|------------------------------|----------------------------|
| Capital expenditure | 5,686 | 8,465 | 9,382 |
| Capital Financing Requirement: | -16,6 | -2,4 | -10,2 |
| External debt | 480 | 455 | 455 |
| Investments | | | |
| • Longer than 1 year | 7,000 | 0 | 1,000 |
| • Under 1 year | 29,000 | 17,000 | 29,500 |
| • Total | 36,000 | 17,000 | 30,500 |
| Net borrowing | -35,520 | -16,565 | -30,045 |

Capital spend increased during the year from an original budget of £8.465M to an actual of £9.382M. This was mainly due to the revision in the timetable for completion of schemes from 16/17 although there were also schemes that were delayed from 2017/18 in to 2018/19.

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

4. The Strategy for 2017/18

The strategy in 2017/18 was to continue only lending to UK banks, building societies, money market funds, Local Authorities and property funds. Only UK banks with a credit rating, for longer term deals, greater than “BBB” and F3 or above for short term credit ratings were on the Council’s lending list. (These are Fitch definitions of ratings). Not all building societies are credit rated but this did not preclude them from the lending list as lending to a building society was dependant on their asset size. Where a society did have a rating, this was considered at the time of the deal taking into account the amount of investment and the length of the deal. As well as imposing maximum limits with each counter party, the overall percentage of outstanding investments with each counterparty was assessed to ensure a reasonable spread of investments.

Change in strategy during the year – the strategy adopted in the original Treasury Management Strategy Report for 2017/18, approved by the Council on 09/02/2017, was not changed during the year.

5. The Borrowing Requirement and Debt

The Council’s underlying need to borrow to finance capital expenditure is termed the Capital Financing Requirement (CFR).

This figure is a gauge of the Council’s indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents the 2017/18 unfinanced capital expenditure (see above table), and prior years’ net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

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

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

The total CFR can also be reduced by:

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

The Council's 2017/18 MRP Policy, (as required by CLG Guidance), was approved as part of the Treasury Management Strategy Report for 2017/18 on 09/02/2017. Because the Council has a negative CFR there is no requirement currently to make an annual revenue charge (MRP).

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

| CFR: General Fund | 31 March 2017 Actual £'000 | 31 March 2018 Actual £'000 |
|---|-------------------------------------|-------------------------------------|
| Opening balance | -18,767 | -16.60 |
| Add unfinanced capital expenditure (as above) | 2.185 | 6.39 |
| Less MRP/VRP | 0 | 0 |
| Less Finance Lease repayments | 0.013 | 0.013 |
| Closing balance | -16.60 | -10.2 |

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

Gross borrowing and the CFR - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2017/18) plus the estimates of any additional capital financing requirement for the current (2018/19) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs if required. The table below highlights the Council's gross borrowing position against the CFR. The Council has complied with this prudential indicator.

| | 31 March 2017 Actual £'000 | 31 March 2018 Budget £'000 | 31 March 2018 Actual £'000 |
|--------------------------|----------------------------------|----------------------------------|----------------------------------|
| Gross borrowing position | .480 | .455 | 455 |
| CFR | -16,634 | -2,427 | -10,243 |

The CFR is negative as the Council has more cash investments than borrowing. Borrowing is historic and was undertaken prior to the housing stock transfer when the CFR was positive.

The authorised limit - the authorised limit is the "affordable borrowing limit" required by s3 of the Local Government Act 2003. Once this has been set, the Council does not have the

power to borrow above this level. The table below demonstrates that during 2017/18 the Council has maintained gross borrowing within its authorised limit.

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

Actual financing costs as a proportion of net revenue stream - this indicator is the net cost of borrowing as a percentage of the total revenue budget. This would usually show how much of the overall budget is spent on borrowing costs. However as the Council's investment income exceeds the cost of interest on borrowing it is a negative number.

| | 2017/18 £'000 |
|---|------------------|
| Authorised limit | 6,000 |
| Maximum gross borrowing position | 480 |
| Operational boundary | 4,000 |
| Average gross borrowing position | 470 |
| Financing costs as a proportion of net revenue stream | -2.3% |

At the end of 2017/18 the Council's treasury position was as follows:

| | 31 March 2017 Principal £'000 | Rate/ Return | 31 March 2018 Principal £'000 | Rate/ Return |
|-------------------------------------|--|-----------------|--|-----------------|
| Fixed rate borrowing: | | | | |
| -PWLB | 480 | 9.43% | 455 | 9.59% |
| -Market | 0 | | 0 | |
| Variable rate borrowing: | | | | |
| -PWLB | 0 | | 0 | |
| -Market | 0 | | 0 | |
| Total debt | 480 | 9.43% | 455 | 9.59% |
| CFR | -16.6 | | -16.6 | |
| Over / (under) borrowing | 17.08 | | 17.08 | |
| Investments: | | | | |
| - in house | 7,500 | 0.66% | 12,500 | 0.90% |
| - with managers | 28,500 | 1.15% | 18,000 | 1.17% |
| Total investments | 36,000 | 1.12% | 30,500 | 1.13% |

The maturity structure of the debt portfolio was as follows:

| | 31 March 2017 Actual £'000 | 31 March 2017 Actual £'000 |
|--------------------------------|----------------------------------|----------------------------------|
| Under 12 months | 25 | 16 |
| 12 months and within 24 months | 16 | 17 |
| 24 months and within 5 years | 53 | 55 |
| 5 years and within 10 years | 97 | 92 |
| 10 years and above | 289 | 275 |

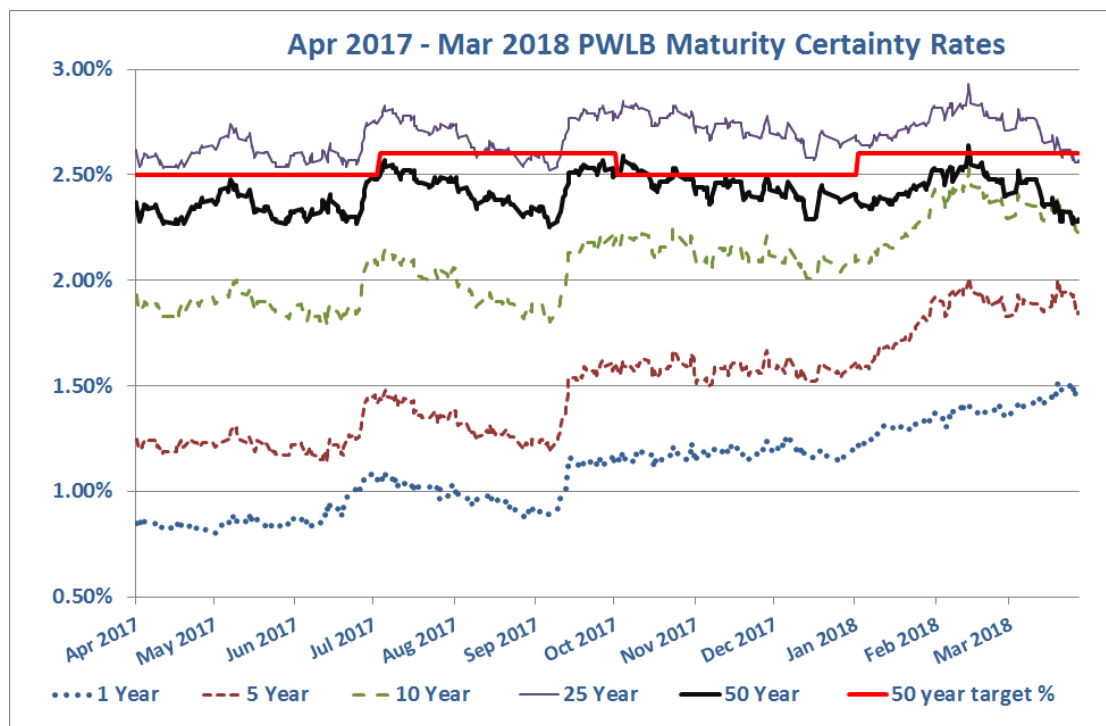
6. Borrowing Rates in 2017/18

PWLB certainty maturity borrowing rates

As depicted in the graph and tables below, PWLB 25 and 50 year rates have been volatile during the year with little consistent trend. However, shorter rates were on a rising trend during the second half of the year and reached peaks in February / March.

During the year, the 50 year PWLB target (certainty) rate for new long term borrowing was 2.50% in quarters 1 and 3 and 2.60% in quarters 2 and 4.

The graphs for PWLB rates show, for a selection of maturity periods, the average borrowing rates, the high and low points in rates, spreads and individual rates at the start and the end of the financial year.



7. Borrowing Outturn for 2017/18

Borrowing

No new loans were taken during the year.

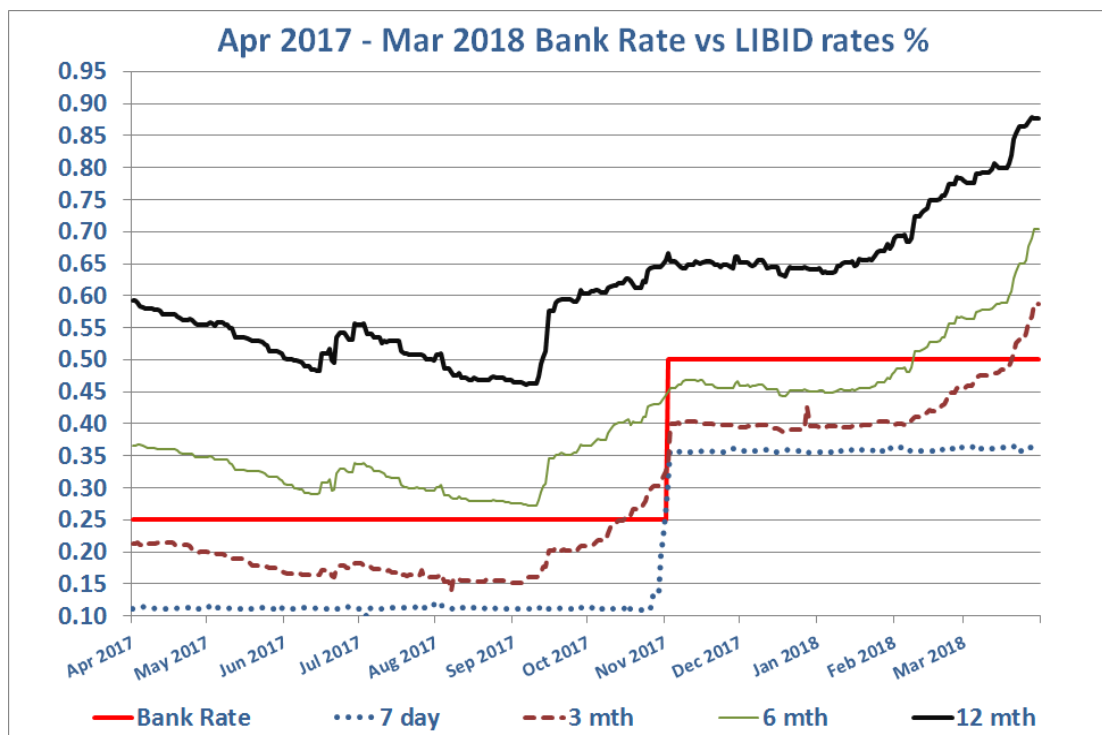
£25K of PWLB loans were repaid during the year

Rescheduling

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

8. Investment Rates in 2017/18

Investments rates for 3 months and longer have been on a rising trend during the second half of the year in the expectation of Bank Rate increasing from its floor of 0.25%, and reached a peak at the end of March. Bank Rate was duly raised from 0.25% to 0.50% on 2.11.17 and remained at that level for the rest of the year. However, further increases are expected over the next few years. Deposit rates continued into the start of 2017/18 at previous depressed levels due, in part, to a large tranche of cheap financing being made available under the Term Funding Scheme to the banking sector by the Bank of England; this facility ended on 28.2.18.



9. Investment Outturn for 2017/18

Investment Policy – the Council’s investment policy is governed by MHCLG guidance, which has been implemented in the annual investment strategy approved by the Council on 09/02/17. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the Fitch credit rating agency for banks and asset size for building society investments.

The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties. However, there were a couple of breaches to “investing no more than 10% of outstanding investments with one counter party”. An existing investment was renewed with National Counties Building Society on 20th March for £1.5M and although the total invested with them remained unchanged, this was slightly over the 10% limit at 11.01%. Also two investments were placed with other Local Authorities in March that were over the 10% limit. £4.0M with Telford and Wrekin Council at 11.9% and Slough Borough Council at 12.4%.

Investments placed by Cash Managers – the Council used an external cash manager to invest its longer term cash balances. At the start of the year, Tradition had £28.5m of outstanding investments. This reduced to £18.0m by the end of the year as investments were returned to finance Capital expenditure. The performance of the Tradition against the benchmark return was:

| Cash Manager | Investments Placed | Interest | Return | Benchmark* |
|--------------|--------------------|----------|--------|------------|
| Tradition | £28.5M - £18.0M | £0.281M | 1.17% | 0.30% |

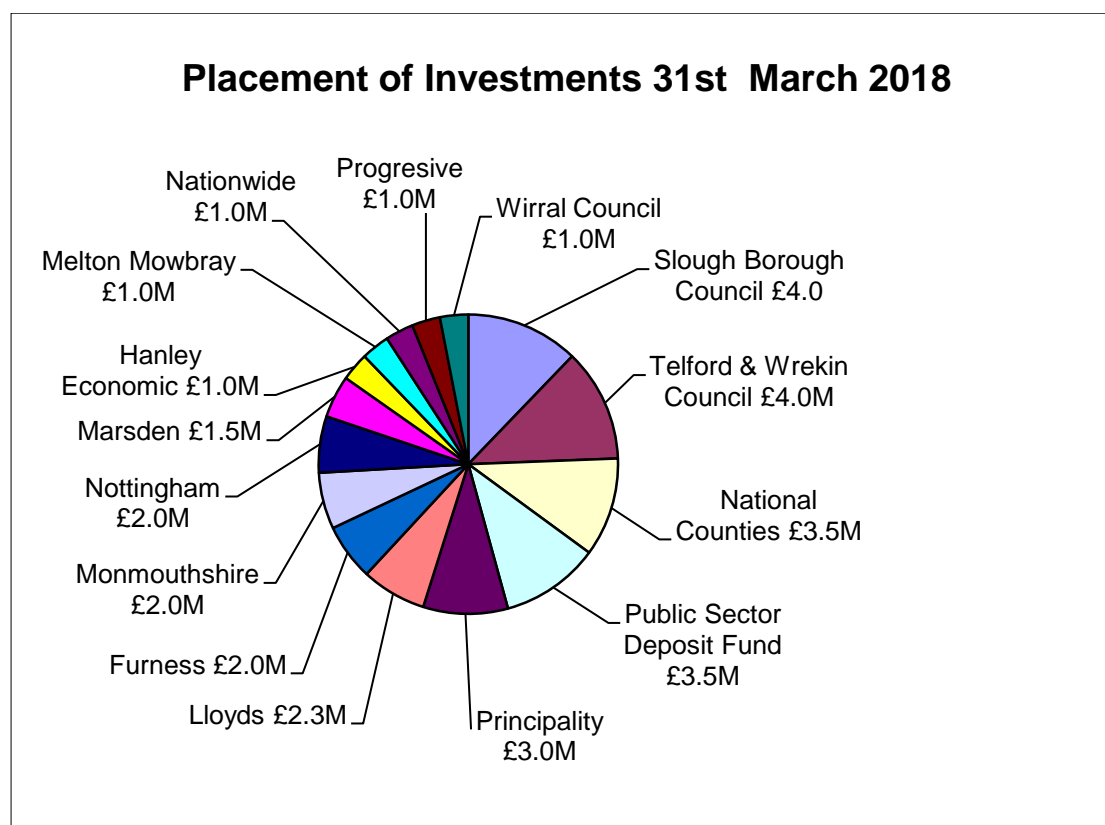
* Ave 7 days notice Rate 0.3%

This compares with an original budget of £0.228M.

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

| | Investments 31 March 2016 £'000 | Investments 31 March 2017 £'000 |
|--------------------|---------------------------------------|---------------------------------------|
| Banks | 13,400 | 2,300 |
| Building Societies | 20,500 | 18,000 |
| Local Authorities | - | 9,000 |
| Money Market Funds | 5,000 | 3,500 |
| Total | 38,900 | 32,800 |

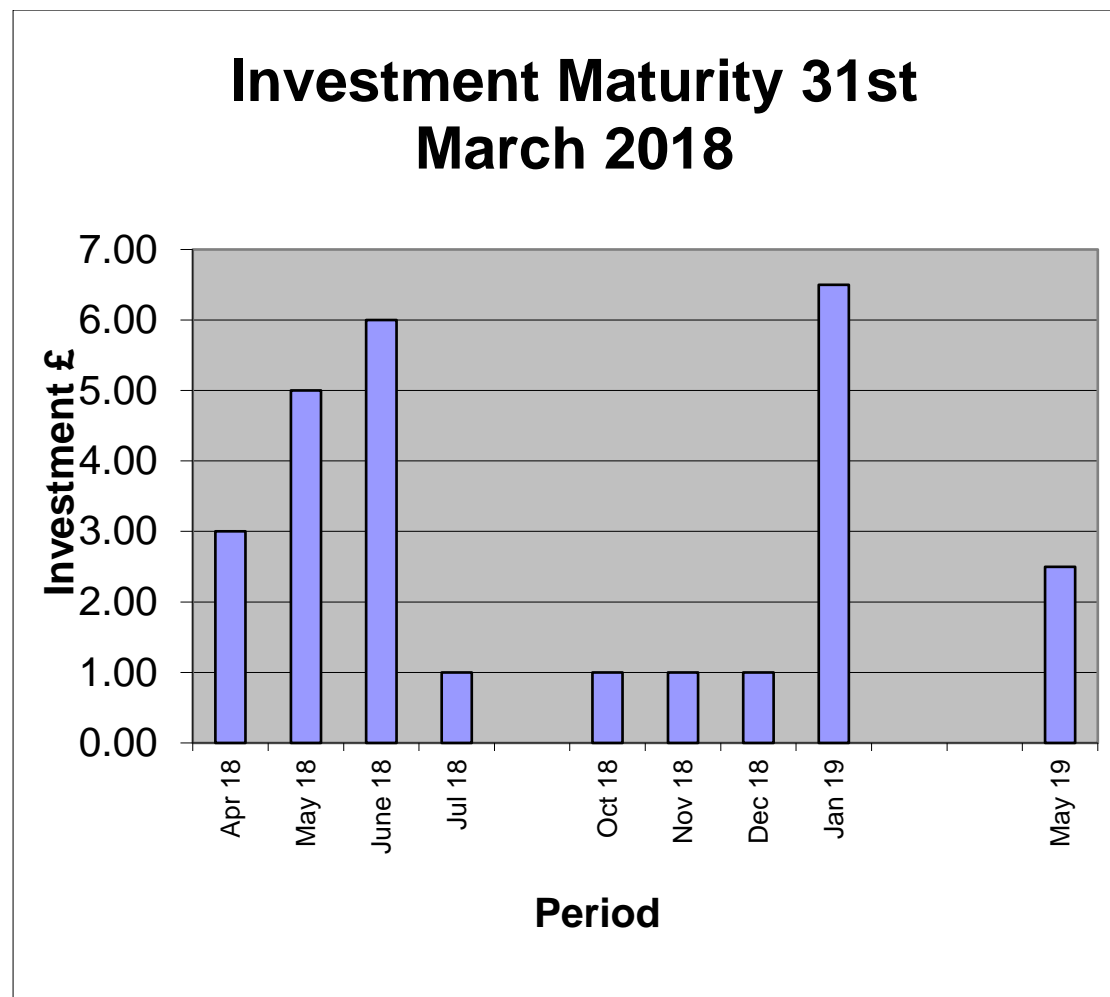
The pie chart below shows the spread of investment balances as at 31 March 2018. This is a snapshot in time that demonstrates the diversification of investments.



The average daily balance of investments was £42.2m with balances varying between £31.0m and £49.2m.

£0.334m of interest was generated from investments during the year. This is slightly more than the estimated interest of £0.320m.

The graph below shows the maturity profile of investments at 31st March 2018.



10. Other Issues

1. Revised CIPFA Codes

In December 2017, the Chartered Institute of Public Finance and Accountancy, (CIPFA), issued a revised Treasury Management Code and Cross Sectoral Guidance Notes, and a revised Prudential Code.

A particular focus of these revised codes was how to deal with local authority investments which are not treasury type investments e.g. by investing in purchasing property in order to generate income for the Authority at a much higher level than can be attained by treasury investments. One recommendation was that local authorities should produce a new report to members to give a high level summary of the overall capital strategy and to enable members to see how the cash resources of the Authority have been apportioned between treasury and non-treasury investments. Officers will report to members when the implications of these new codes have been assessed as to the likely impact on this Authority.

2. Markets in Financial Instruments Directive II (MiFID II)

The EU set the date of 3 January 2018 for the introduction of regulations under MIFID II. These regulations govern the relationship that financial institutions conducting lending and borrowing transactions will have with local authorities from that date. This has had little effect on this Authority apart from having to fill in forms sent by each institution dealing with this Authority and for each type of investment instrument we use, apart from for cash deposits with banks and building societies.

**CABINET
19 JUNE 2018**

***PART 1 – PUBLIC DOCUMENT**

AGENDA ITEM No.

11

TITLE OF REPORT: GREEN SPACE MANAGEMENT STRATEGY

REPORT OF THE SERVICE DIRECTOR - PLACE
EXECUTIVE MEMBER: COUNCILLOR DAVID BARNARD
COUNCIL PRIORITY: RESPONSIVE AND EFFICIENT

1. EXECUTIVE SUMMARY

On the 10th November 2015 Cabinet resolved: That subject to receipt of a Sport England grant of £80,000 a new £170,000 multi use informal games area (MUGA) be constructed at Bancroft Recreation Ground.

In March 2018 Sport England made a provisional award of £60,000 towards the cost of the MUGA.

In April 2018 an additional £15,250 section 106 contribution was secured towards the scheme.

It is therefor proposed to increase NHDC's capital contribution by £4,750 to allow the works to proceed.

On the 27th March 2018 Cabinet resolved: That for Betjeman Road and Farrier Court play areas Royston, the Council allows a period of time of up to three months for confirmation of funding sources from third parties; and for Symonds Road, Hitchin and Linnet Close, Letchworth, the Council allows a period of up to three months to assess whether a business case could be developed with local community groups.

A funding application has been submitted to Brian Racher Trust to retain play equipment at Betjeman Road and Farrier Court play areas Royston for a period of three years.

In the case of Symonds Road, Hitchin and Linnet Close, Letchworth officers were approached by a local resident who aimed to form a Social Enterprises scheme to fund the retention of play equipment at both these sites. However this was later withdrawn.

2. RECOMMENDATIONS

2.1 The capital contribution for a Multi Use Games Area at Bancroft Recreation Ground is increased by £4,750.

2.2 By September 2018, subject to approval of funding from Brian Racher Trust for the maintenance and future replacement of equipment at Betjeman Road and Farrier Court play areas Royston, the Council will continue to maintain these play areas at nil cost to the Council.

- 2.3 For Symonds Road and Linnet Close play areas, if by the 27th June 2018 no sustainable proposals have been received, the equipment will be removed from both sites and landscaped back to green space. The Service Directors for Place & Resources to determine if any proposals are sustainable and could be developed into a business case.

3. REASONS FOR RECOMMENDATIONS

- 3.1 For Bancroft Recreation Ground; To enable the construction of a MUGA at Bancroft Recreation Ground which is in accordance of the previously agreed master plan for the site.
- 3.2 For play areas; To enable the retention of the green space within the budgets available to the Council.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 None listed in this report.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 The Green Space Management Strategy as adopted by Cabinet in January 2017 underwent a period of consultation. This included three focus groups and wide publicity in the local press.

6. FORWARD PLAN

- 6.1 This report contains a recommendation on a key decision that was first notified to the public in the Forward Plan on the 1st April 2018.

7. BACKGROUND

7.1 Bancroft Recreation Ground

- 7.1.1 On the 10th November 2015 Cabinet resolved: That subject to receipt of Sport England grant of £80,000 a new £170,000 MUGA be constructed at Bancroft Recreation Ground.
- 7.1.2 Shortly after November 2015 Sport England closed their grant scheme which didn't re-open until 2017.
- 7.1.3 In 2017 Groundwork Hertfordshire were appointed to make a Sport England grant application on behalf of the Council.
- 7.1.4 In March 2018 Sport England made a provisional award of £60,000 towards the cost of the MUGA. This is £20,000 less than the amount previously resolved by Cabinet.
- 7.1.5 In April 2018 an additional £15,250 section 106 contribution was secured towards the scheme bringing the total section 106 contributions to £74,250.
- 7.1.6 To allow the scheme to proceed it is proposed to increase NHDC's capital contribution from £31,000 to £35,750.

7.2 Play Areas

- 7.2.1 On the 27th March 2018 Cabinet resolved: That for Betjeman Road and Farrier Court play areas Royston, the Council allows a period of time of up to three months for confirmation of funding sources from third parties; and for Symonds Road, Hitchin and Linnet Close, Letchworth, the Council allows a period of up to three months to assess whether a business case could be developed with local community groups.
- 7.2.2 In the case of Betjeman Road and Farrier Court play areas in Royston County Cllr Hill & District Cllr Hunter have confirmed their proposed funding source and have submitted a funding application to Brian Racher Trust to maintain the play areas and replace equipment as required for a period of three years.
- 7.2.3 In the case of Symonds Road, Hitchin and Linnet Close, Letchworth, Officers and Cllr Oliver have been in contact with the Chairman of a large Social Enterprise scheme who wanted to work with local residents to raise funds through a social enterprise to fund both play areas. However this offer was later withdrawn.
- 7.2.4 If no firm proposals are received from a community group by the 27th June 2018 which is three months from the March Cabinet meeting, the equipment will be removed from Symonds Road, Hitchin and Linnet Close, Letchworth. The sites will be landscaped back as green space.
- 7.2.5 It should be noted the existing play equipment at Symonds Road play area has come to the end of its economic life. If a community group is to retain the site as a formal play area the equipment is in urgent need of replacement.

7.3 The two most relevant decisions relating to this report are Cabinet's resolution:

- 11.3 of the 10th November 2015 *'That subject to receipt of Sport England grant of £80,000 a new £170,000 multi use informal games area (MUGA) be constructed at Bancroft Recreation Ground.*
- 13.6 of the 27th March 2018 *'That for Betjeman Road and Farrier Court play areas Royston, the Council allows a period of time of up to three months for confirmation of funding sources from third parties; and for Symonds Road, Hitchin and Linnet Close, Letchworth, the Council allows a period of up to three months to assess whether a business case could be developed with local community groups'.*

8. RELEVANT CONSIDERATIONS

- 8.1 The MUGA is to be constructed on the footprint of the redundant lower bowling green.
- 8.2 Officers have been proactive in contacting and assisting interested parties take on the responsibility of Symonds Road and Linnet Close play areas. Appendix A identifies the actions officers have undertaken since March 2018.

9. LEGAL IMPLICATIONS

- 9.1 Within Cabinet's terms of reference are "to prepare and agree to implement policies and strategies other than those reserved to Council" and "to approve those major service developments or reductions which also constitute Key Decisions." The Green Space Management Strategy falls within Cabinet's remit and this project has been noted on the Council's Forward Plan as a key decision.

9.2 The Council provides parks, recreation grounds and open spaces under its discretionary powers.

10. FINANCIAL IMPLICATIONS

10.1 In November 2015 Cabinet approved the following funding structure to construct a MUGA at Bancroft Recreation Ground.

| Source | Value |
|---------------------------|-----------------|
| Sport England grant | £80,000 |
| Section 106 contributions | £59,000 |
| NHDC capital | £31,000 |
| Project cost | £170,000 |

10.2 In view of the provisional offer of a £60,000 Sport England grant the new proposed funding structure is:

| Source | Value |
|---------------------------|-----------------|
| Sport England grant | £60,000 |
| Section 106 contributions | £74,250 |
| NHDC capital | £35,750 |
| Project cost | £170,000 |

10.3 If external funding is secured to retain play areas at Symonds Road, Linnet Close, Betjeman Road and Farrier Court, the Council would postpone the £40,000 capital expenditure to remove play equipment and introduce natural play for as long as third parties provide funding.

11. RISK IMPLICATIONS

11.1 The risks associated with green space sustainability were reviewed in April 2018 and updated on the Council's performance and risk management software.

11.2 Effective communication is essential to mitigating any reputational risks associated with the Council's recommended approach.

11.3 There is a risk that if the opportunity to construct a MUGA at Bancroft Recreation Ground, which has been identified as a key corporate project for 2018/19, is not taken, the Council could lose up to £74,200 section 106 contributions that has been allocated to the scheme.

11.4 If the MUGA is not constructed, an additional sum of Circ. £25,000 would be required to landscape the site of the former lower bowling green.

11.5 There is a risk that third parties may withdraw funding play areas with or without notice.

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 An impact assessment of the Green Space Strategy 2017–2021 was included in the January 2017 report to Cabinet.

13. SOCIAL VALUE IMPLICATIONS

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

14. HUMAN RESOURCE IMPLICATIONS

None contained within this report.

15. APPENDICES

Appendix A: Time line of actions.

16. CONTACT OFFICERS

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17. BACKGROUND PAPERS

Green Space Management Strategy 2017-2021.

Appendix A Time line of actions

| Date | Action |
|-----------------------------|---|
| 27 th Mar 2018 | Resolved for Symonds Road, Hitchin and Linnet Close, Letchworth, the Council allows a period of up to three months to assess whether a business case could be developed with local community groups |
| 27 th Mar 2018 | Provided Mrs XXXX who had an interest in Linnet Close my contact details and asked her to email me. |
| 28 th Mar 2018 | Community development received email from XXXXX the Chair of one of London's largest Social Enterprises with an interest in taking on play areas. |
| 29 th Mar 2018 | As no response from Mrs XXXX obtained her phone number from Committee Section. |
| 3 rd April 2018 | Emailed XXXX with details of our play areas and arranged to meet with him on the 6 th April to discuss Social Enterprises. |
| 4 th April 2018 | Phoned Mrs XXXX as she hadn't contacted me. |
| 4 th April 2018 | Received call-back from Mrs XXXX she had had a recent bereavement so hadn't been in contact but she would pass on my details to a neighbour who would contact me. |
| 4 th April 2018 | Emailed Cllr Albert for any contacts for Symonds Road play area. |
| 6 th April 2018 | Met with XXXX re social enterprise for Linnet Close and Symonds Road play areas. He is going to look at available grants and come back to us with proposals. |
| 11 th April 2018 | Emailed Cllr Albert with contact details of XXXX so he could assist with contacts for Social Enterprises for Symonds Road. |
| 11 th April 2018 | Emailed resident who previously expressed interest in Linnet Close contact details of XXXX to assist setting up Social Enterprise for Linnet Close. |
| 11 th April 2018 | Received email from resident XXX thanking me for my email with contact details for Social Enterprise. |
| 12 th April 2018 | Received email from Cllr Albert thanking me for XXXX contact details which he has passed onto other Hitchin Councillors. |
| 3 rd May 2018 | Emailed Cllr Hill & Hunter for an update on their funding proposals for play areas. |
| 3 rd May 2018 | Emailed XXXX for update on his Social Enterprise proposals for Linnet Close & Symonds Rd play areas. |
| 3 rd May 2018 | Received email from Cllr Hill asking to meet. |
| 4 th May 2018 | Emailed Cllr Hill with suggested date for meeting. |

| Date | Action |
|---------------------------|--|
| 11 th May 2018 | Met with Cllr Hill & Hunter to complete application form Brian Racher Trust. They will submit application with covering letter. |
| 11 th May 2018 | Emailed Resident to see if he had had any updates from XXXX for Social Enterprise. Re Linnet Close |
| 11 th May 2018 | Emailed Cllr Albert to see if he had had any updates from XXXXXX re Social Enterprise. |
| 11 th May 2018 | Received email from Cllr Albert saying XXXXX had been in contact with him and was hopeful that he had found revenue funding and was working on funding for replacement of equipment. |
| 11 th May 2018 | Received reply from Linnet Close resident he hadn't heard back yet from XXXX re Social Enterprise. |
| 21 st May 2018 | Received email from Cllr Helen Oliver asking for update on linnet Close. Explained I hadn't heard from XXXXX who planned to form a social enterprise. |
| 21 st May 2018 | Sent Cllr Oliver copy of Linnet Close inspection report. |
| 21 st May 2018 | Emailed XXXXX for any update on his proposals for Social Enterprise for Linnet Close and Symonds Road play areas. |
| 30 th May 2018 | Emailed XXXXX for any update on his proposals for Social Enterprise for Linnet Close and Symonds Road play areas. |
| 30 th May 2018 | Emailed Cllr Albert informing him we had had no response from resident who intended to form a social enterprise to retain Linnet Close and Symonds Road play areas. |
| 30 th May 2018 | Received email from resident who intended to form social enterprise withdrawing offer of funding Linnet Close & Symonds Road play areas through Social Enterprise scheme. Copied to Cllr Albert |
| 31 st May 2018 | Emailed Cllr Helen Oliver to inform her XXXXXX could not form Social Enterprise scheme to fund Linnet Close play area. |
| 31 st May 2018 | Emailed resident to inform him XXXX could not form Social Enterprise scheme to fund Linnet Close play area. |
| 31 st May 2018 | Emailed Cllr Albert, Copied to Cllr Martin Stears-Handscomb & Cllr Judi Billing asking if they had any other funding proposals for Symonds Road play area. |
| 31 st May 2018 | Received email reply from Cllr Helen Oliver she had come to the conclusion XXXX wasn't going to be able to help with Social Enterprise. She will consult with residents and come back to me on Monday. |

| Date | Action |
|----------------------------|--|
| 31 st May 2018 | Emailed Cllr David Barnard update on withdraw of Social Enterprise proposal. |
| 31 st May 2018 | Emailed Cllr Helen Oliver reminder of costs involved in play area. |
| 31 st May 2018 | Received email from Cllr Stears-Handscombe asking for inspection report for Symonds Road play area. |
| 01 st June 2018 | Emailed Cllr Stears-Handscombe 2017 annual inspection report for Symonds Road play area. Explained much of the equipment was rotten and needed urgent replacement. |
| 01 st June 2018 | Received email from Cllr Oliver asking for inspection report for Linnet Close. Re-sent my email of the 21 st May that had report attached. |

**CABINET
19 JUNE 2018**

***PART 1 – PUBLIC DOCUMENT**

AGENDA ITEM No.

12

**TITLE OF REPORT: NORTH HERTFORDSHIRE MUSEUM & HITCHIN TOWN HALL:
ACQUISITION OF 14/15 BRAND STREET**

REPORT OF : THE CHIEF EXECUTIVE & SERVICE DIRECTOR - COMMERCIAL
EXECUTIVE MEMBER : COMMUNITY ENGAGEMENT & RURAL AFFAIRS
COUNCIL PRIORITY : RESPONSIVE AND EFFICIENT

1. EXECUTIVE SUMMARY

The purpose of this report is to further advise Cabinet of the progress of discussions for the acquisition of 14 and 15 Brand Street from Hitchin Town Hall Ltd (HTHL). Such an acquisition would allow the building to operate as intended by the Council in an integrated way for the local community following the withdrawal of funding to HTHL from the Social Investment Business (SIB).

2. RECOMMENDATIONS

- 2.1 That Cabinet notes the current position in relation to the negotiations and confirms its continued preference is for a negotiated resolution.
- 2.2 That Cabinet notes the progress on the potential alternative options as detailed in this report to enable the museum to open fully.
- 2.3 That Cabinet recommends to Council that an initial in principle resolution be made to acquire the former 14/15 Brand Street, Hitchin by Compulsory Purchase in the event that the negotiations do not enable an agreed purchase to be concluded.
- 2.4 That Cabinet note that approval of some elements of any settlement agreement may be required from the Cabinet Sub-Committee (Council Charities).

3. REASONS FOR RECOMMENDATIONS

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

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 The options to open the facility without occupancy of 14/15 Brand Street has been fully investigated and a number of options are available to the Council. Whilst the preferred option is through the agreed acquisition of land formerly known as 14/15 Brand Street this has not yet proved possible on terms agreeable to the Council despite over 19 months of negotiation. A costed options appraisal considering a number of scenarios for the occupation of the land which the Council currently owns has also been undertaken to guide the commercially confidential negotiations. The potential compulsory purchase of the properties known as 14/15 Brand Street is an option and could be pursued in parallel with the negotiations however at this point in time this is not being recommended as the negotiations are progressing..
- 4.2 Relatively limited alterations involving the installation of a platform lift in the entrance to the town hall would increase accessibility to the first floor in the town hall and allow officer to explore ways of opening the terrace gallery. Although the alterations would not facilitate access to the planned education rooms the platform lift would improve accessibility following the acquisition of 14/15 Brand Street and in fact was planned by HTHL and incorporated in their application for listed building consent. As such these alterations could be made relatively swiftly, enabling the museum to open fully to the public at ground and first floor. Notwithstanding the progress of the negotiations (the Council's preferred solution) it is proposed that the additional lift option be progressed as a matter of priority as this will facilitate improved access across the building irrespective of the resolution of ownership issues.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 Consultation on the general parameters for seeking to acquire 14/15 Brand Street as authorised by Full Council on 20 January 2016 has been on going with Executive Members prior to engaging in discussions with HTHL and HTH Finance Ltd and throughout those discussions.

6. FORWARD PLAN

- 6.1 This report contains a recommendation on a key decision, which has been notified to the public in the Forward Plan on 28 February 2018.

7. BACKGROUND

- 7.1. The decision making history in relation to this project is extensive and has been reported to both Council and Cabinet on a number of occasions. The reports are available on the website (<https://www.north-herts.gov.uk/home/museums/north-hertfordshire-museum-and-hitchin-town-hall/hitchin-town-hall-museum-proposals>). Appendix A provides details of the project expenditure and funding.
- 7.2. It should be noted that Council has approved in principle the acquisition of 14/ 15 Brand Street to allow the project to be completed in line with the original plans.
- 7.3. Discussions have taken place in the latter part of 2016 and throughout 2017 and 2018 with HTHL and HTH Finance Ltd and it has been made very clear that in order to make a bid for the property the Chief Finance (s151) Officer would need to ensure that it was offering value for money to the Council Tax payer. Given that the agreed amount was considered to be at full market value, this meant that any conditions attached to the

purchase could not be too onerous. This approach has also been confirmed with the Council's External Auditor. A meeting took place on the 2nd February between the Council's representative Mr Dave Fergus (a consultant of the East of England Local Government Association) and HTHL and HTHF and there have been various conference calls/emails since that meeting seeking to resolve the matters where the parties disagree. Matters which are commercially confidential are referenced in the Part 2 report to Cabinet.

8. RELEVANT CONSIDERATIONS

- 8.1 Whilst HTHL and HTHF have asserted in correspondence that they now have no objections to negotiations taking place in public, the fiduciary duty placed upon the Council means that where matters are commercially or legally confidential then they are treated in such a manner. The Part 2 report details the current position in relation in relation to the remaining points of difference between the parties.
- 8.2 At the time of this writing this report negotiations are on-going and a significant number of matters have been resolved. A further update will be provided at the Cabinet meeting and it must be stressed that the Council's preferred option is a negotiated settlement
- 8.3 In the event that a negotiated settlement does not prove possible specialist legal advice has been received in relation to the acquisition of the properties known as 14/15 Brand Street, Hitchin by Compulsory Purchase (CPO). That advice supports the Council's view that acquisition via this mechanism accords with the relevant CPO legislation. Given the progress of negotiations it may be appropriate to consider an "in principle decision" is sought from Council. This in itself would not prevent an agreed purchase taking place in the event that negotiations proceed to a positive conclusion. Acquisition by CPO may take a year or so (in the event that the draft Order is contested) though that needs to be assessed against the timescales that the negotiations have taken so far.
- 8.4 In order for the museum to function with improved disabled access to the first floor it is recommended that a platform lift be installed in the town hall (as provided for in the listed building consent – but not implemented). This would be undertaken irrespective of the resolution of 14/15 acquisition as it facilitates access more generally to the first floor.

9. LEGAL IMPLICATIONS

- 9.1 The general power of competence contained within the Localism Act 2011 came into force on 18th February 2012 and effectively replaced the previous wellbeing powers. The statutory General Power of Competence gives a local authority the power to do "anything that individuals generally may do". Section 1 (4) of the same Act confirms that using such power the local authority may do so for the benefit of the Authority, its area or persons resident in the area.
- 9.2 The Authority has power under Section 144 of the Local Government Act 1972 to provide or encourage any other person or body to provide, facilities to encourage visitors, for conferences, trade fairs and exhibitions or improve or encourage any other person or body to do so for any existing facilities. It has powers under Section 19 of the Local Government (Miscellaneous Provisions) Act 1976 to provide recreational facilities, buildings, equipment to the extent that these do not cover the current proposals that the general Power of Competence referred to in section 9.1 can be relied upon.

- 9.3 The Council is currently in an ongoing contractual dispute with HTHL in respect of the project and statutory demands have been lodged with HTHL seeking payment of monies owed to the Council. In the event of agreement being reached for the purchase of 14/15 Brand Street from HTHL to enable them to repay their debt to HTH Finance Ltd, it is almost inevitable that these sums will have to be written off. However any agreement for purchase will include that there will be no legal claims brought by either party against the other, thereby avoiding potentially protracted (and therefore expensive) litigation. It is important that any settlement agreement is comprehensive and ensures all potential elements of claim, by any party, are covered.
- 9.4 Paragraph 5.6.20 of the Council's Constitution provides that Cabinet's terms of reference include "to approve the purchase or appropriation of land and buildings where the sale price...exceeds £250,000 and does not exceed £2,500,000."
- 9.5 The Council has various powers under the Local Government Act 1972 and the Planning Act to compulsorily acquire land or buildings under Compulsory Purchase Powers. Initial consideration has been given to the circumstances that exist in relation to the delivery of a scheme that has the benefit of planning permission (and indeed has been constructed pursuant to the Development Agreement between the Council and HTHL). In such circumstances it would appear that such an approach is supportable.

10. FINANCIAL IMPLICATIONS

- 10.1 Prior to consideration of the developments described in the body of the report the Council's total capital expenditure on this project stood at £5.329m of which £0.874m is funded by the contribution from the Heritage Lottery Fund towards the fit out of the Museum.
- 10.2 A decision not to acquire 14/15 Brand Street would provide a compromised offer to the public and would restrict the full income generation prospects of the building. As it seemed possible to acquire 14/15 Brand Street for a similar amount to the cost of the most operationally desirable separation works, resulting in the Council owning a building with service provision as originally envisaged and with greater income generation opportunities, this would seem to offer better value for money to Council tax-payers. Given the difficult progression of negotiations and in the event that acquisition by private treaty does not prove possible the use of compulsory purchase powers to acquire the property is now proposed whilst not precluding an agreed purchase. In either of these circumstances the Council would also have a property with an enhanced asset value.
- 10.3 The alternative approach of modifying the building to allow access are referenced in the report and it is proposed to carry out limited physical alterations alongside an acquisition process. The estimated cost of the platform lift is approximately £20k. Under the financial regulations "the Executive Member for Finance and IT can approve in year changes to the Capital Programme up to a limit of £100,000 per project".
- 10.4 The Council's external auditor has been kept aware of negotiations as they have progressed.

11. RISK IMPLICATIONS

- 11.1 The risk implications arising from this report are largely:

- Financial – further delay in opening or not being able to open the facility or prevent achievement in the forecasted income, failure to obtain best return from the existing capital investment and would mean that existing museum staff may not be fully utilised. The operation of the town hall may also be compromised because of the difficulties in access (particularly to the first floor) to staff and members of the public.
- Operational – uncertainty concerning full opening inhibiting marketing.

11.2 The North Hertfordshire Museum and Hitchin Town Hall Project is a corporate risk and this is monitored through the Finance Audit and Risk Committee. In addition there is a detailed project risk log that is monitored and discussed by project board.

11.3 Failure to reach agreement with HTHL is likely to result in litigation brought by either the Council, or HTHL, or both. Such litigation is likely to be complex, protracted and expensive and would divert Council resources away from undertaking other activities.

12. EQUALITIES IMPLICATIONS

12.1 The Equality Act 2010 came into force on the 1st October 2010, a major piece of legislation. The Act also created a new Public Sector Equality Duty, which came into force on the 5th April 2011. There is a General duty, described in 12.2 that public bodies must meet, underpinned by more specific duties which are designed to help meet them.

12.2 In line with the Public Sector Equality Duty, public bodies must, in the exercise of its functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.

12.3 The proposals made in this report do not in themselves alter the overall project design as previously reported, but seek to ensure that in ensuring momentum to the existing contracts etc, a facility to meet the needs of all communities in North Herts can be completed and brought into community use. The report also suggests consideration of management arrangements for the facility which will be subject to the Public Sector Equality Duty. With or without the footprint of 14/15 Brand Street the new facility will enhance the experience for all visitors, including those with disabilities, although it is accepted that the building as originally designed with the footprint of 14/15 Brand Street would provide the optimum solution.

13. SOCIAL VALUE IMPLICATIONS

13.1 As the recommendations made in this report do not yet constitute a public service contract, the measurement of 'social value' as required by the Public Services (Social Value) Act 2012 need not be applied, although equalities implications and opportunities are identified in the relevant section at paragraphs 12. Any individual award of a public service contract which may arise following subsequent review of the Council's operation of the hall over the next two/three years will be evaluated in terms of its social value through the Council's agreed procurement processes.

14. HUMAN RESOURCE IMPLICATIONS

14.1 The Human Resources implications arising from this report are associated with the significant additional workload on the Senior Officers and Project Team Members and the need to recruit, train and manage a staff team to operate the Museum and Town

Hall facilities. This is currently mitigated by the reallocation of resources from less time sensitive projects but this situation cannot be sustained.

- 14.2 The demands of this project have required the deployment of Senior Managers and Project Support staff to the Hitchin Town Hall project to develop alternative options and to minimise risk. The additional time having to be committed to this project including that of Chief Officers has created pressures and delays on other important work programmes elsewhere.
- 14.3 The current uncertainty will be of concern particularly with the Museum staff with the ongoing delay in the full opening of the Museum.

15. APPENDICES

None.

16. CONTACT OFFICERS

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17. BACKGROUND PAPERS

Project history and reports at:
<https://www.north-herts.gov.uk/home/museums/north-hertfordshire-museum-and-hitchin-town-hall/hitchin-town-hall-museum-proposals>

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| CABINET 19 JUNE 2018 |
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| *PART 1 – PUBLIC DOCUMENT | AGENDA ITEM No. 13 |
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TITLE OF REPORT: EXCLUSION OF PUBLIC AND PRESS

To consider passing the following resolution:

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

[Note: The definition of Paragraphs 3 and 5 referred to above is as follows:-

- "3. Information relating to the financial or business affairs of any particular person (including the authority holding that information).
5. Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings."

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By virtue of paragraph(s) 3, 5 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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