

# Public Document Pack

21 January 2019

Our Ref Cabinet 21.1.19  
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To: Members of the Cabinet:

Councillor Lynda Needham, Leader of the Council (Chairman)  
Councillor Julian Cunningham, Executive Member for Finance and IT & Deputy Leader of the Council (Vice-Chair)  
Councillor David Barnard, Executive Member for Leisure and Green Issues  
Councillor Tony Hunter, Executive Member for Community Engagement and Rural Affairs & Chairman of Royston and District Committee  
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**

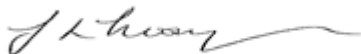
to be held in the

**FLOOR 1 COUNCIL CHAMBER, COUNCIL OFFICES,  
GERNON ROAD, LETCHWORTH GARDEN CITY**

on

**TUESDAY, 29TH JANUARY, 2019**

Yours sincerely,



Jeanette Thompson  
Service Director – Legal and Community

## **Agenda** **Part I**

<b>Item</b>	<b>Page</b>
<b>1. APOLOGIES FOR ABSENCE</b>	
<b>2. MINUTES - 20 NOVEMBER 2018</b> To take as read and approve as a true record the minutes of the meeting of the Cabinet held on the 20 November 2018.	(Pages 1 - 8)
<b>3. MINUTES - 10 DECEMBER 2018</b> To take as read and approve as a true record the minutes of the meeting of the Cabinet held on the 10 December 2018.	<i>To Follow</i>
<b>4. MINUTES - 18 DECEMBER 2018</b> To take as read and approve as a true record the minutes of the meeting of the Cabinet held on the 18 December 2018.	<i>To Follow</i>
<b>5. NOTIFICATION OF OTHER BUSINESS</b> 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.	
<b>6. CHAIRMAN'S ANNOUNCEMENTS</b> 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	
<b>7. PUBLIC PARTICIPATION</b> To receive petitions, comments and questions from the public.	
<b>8. ITEMS REFERRED FROM OTHER COMMITTEES</b> Any Items referred from other committees will be circulated as soon as they are available.	

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|------------|---|-------------------------|
| <b>9.</b>  | <b>STRATEGIC PLANNING MATTERS</b><br>REPORT OF THE SERVICE DIRECTOR - REGULATORY  | (Pages 9<br>- 22)       |
| <b>10.</b> | <b>MAKING OF AN ARTICLE 4 DIRECTION FOR THE DISTRICT'S KEY EMPLOYMENT AREAS</b><br>REPORT OF THE SERVICE DIRECTOR - REGULATORY  | (Pages<br>23 - 52)      |
| <b>11.</b> | <b>COMMERCIAL STRATEGY</b><br>REPORT OF THE SERVICE DIRECTOR - COMMERCIAL   | (Pages<br>53 - 78)      |
| <b>12.</b> | <b>NHDC PARKING STRATEGY REVIEW</b><br>REPORT OF THE SERVICE DIRECTOR - REGULATORY  | (Pages<br>79 - 144)     |
| <b>13.</b> | <b>RIPA POLICY ANNUAL REVIEW</b><br>REPORT OF THE REGULATORY TEAM MANAGER   | (Pages<br>145 -<br>202) |
| <b>14.</b> | <b>REVENUE BUDGET 2019/20</b><br>REPORT OF THE SERVICE DIRECTOR – RESOURCES   | (Pages<br>203 -<br>232) |
|            | To consider the draft budget for 2019/20 and the main factors which contribute to the determination of the North Hertfordshire District Council (NHDC) Council Tax level. To consider the appropriate level of Council Tax that will be recommended to the meeting of the Council on the 7 February 2019. |                         |
| <b>15.</b> | <b>INVESTMENT STRATEGY (INTEGRATED CAPITAL AND TREASURY)</b><br>REPORT OF THE SERVICE DIRECTOR - RESOURCES<br>To consider the Investment Strategy (which replaces the Capital Programme and Treasury Strategy) and recommend to Council the adoption of the Investment Strategy.                          | (Pages<br>233 -<br>286) |

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# Agenda Item 2

## NORTH HERTFORDSHIRE DISTRICT COUNCIL

### CABINET

MEETING HELD IN THE COUNCIL CHAMBER, DISTRICT COUNCIL OFFICES,  
GERNON ROAD, LETCHWORTH GARDEN CITY  
ON TUESDAY, 20TH NOVEMBER, 2018 AT 7.30 PM

### MINUTES

**Present:** *Councillors Lynda Needham (Chairman), Julian Cunningham (Vice-Chairman), David Barnard, Tony Hunter, David Levett, Bernard Lovewell and Michael Weeks*

**In Attendance:** *Councillor Ian Albert (Chairman of Hitchin Committee), Rob Williams (BNP Paribas), Anthony Roche (Deputy Chief Executive), Jeanette Thompson (Service Director - Legal and Community), Ian Couper (Service Director - Resources), Vaughan Watson (Service Director - Place), Steve Crowley (Service Director - Commercial), Melanie Stimpson (Democratic Services Manager) and Hilary Dineen (Acting Committee and Member Services Manager)*

**Also Present:** *At the commencement of the meeting Councillors Judi Billing, Paul Clark and Martin Stears – Handscomb and 13 members of the public.*

#### 51 APOLOGIES FOR ABSENCE

*Audio recording – Start time of item – Session 1 - 1 minute 5 seconds*

There were no apologies for absence.

#### 52 NOTIFICATION OF OTHER BUSINESS

*Audio recording – Start time of item – Session 1 - 1 minute 9 seconds*

There was no other business notified.

#### 53 CHAIRMAN'S ANNOUNCEMENTS

*Audio recording – Start time of item – Session 1 - 1 minute 16 seconds*

- (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, in accordance with Council policy, the sound at this meeting was being 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.

**54 PUBLIC PARTICIPATION**

*Audio recording – Start time of item – Session 1 - 2 minutes 11 seconds*

Garden Waste Service

Mr Colin Dunham had registered to speak regarding the garden waste collection service, however was unable to attend the meeting.

Regeneration of Churchgate Shopping Centre

Mr Steven Haynes, Churchgate Resurgence PB, gave a verbal presentation regarding the regeneration of Churchgate Shopping Centre.

Mr Haynes advised Cabinet of his working background and that the Churchgate Resurgence PB Group had presented alternative proposals for the development of Churchgate to the Hitchin Committee on 13 November 2018.

He explained these proposals and that they were based on making the market the central hub for the area supported by flexible retail units and public space improvements, funded by residential development. He further referred to the Council's previous consultation on Churchgate

He asked that Cabinet pause to consider alternative options, such as that proposed by the Group, in order to achieve a development that the Community had an input.

Members asked questions of clarification, which were responded to by Mr Haynes.

Regeneration of Churchgate

Mr Brian Foreman, representing tenants of Churchgate, gave a verbal presentation regarding the regeneration of Churchgate Shopping Centre.

Mr Foreman stated that he was concerned about the livelihood of the 24 tenants of Churchgate, particularly during any proposed regeneration.

He continued to believe that the Centre should enforce the landlord to undertake proper maintenance and repairs as a matter of urgency as well as some minor improvements.

Members asked questions of clarification, which were responded to by Mr Foreman.

**55 5A - ITEM REFERRED FROM HITCHIN COMMITTEE: 13 NOVEMBER 2018 - REGENERATION OF CHURCHGATE SHOPPING CENTRE**

*Audio recording – Start time of item – Session 1 - 25 minutes 24 seconds*

**RESOLVED:** That consideration of this referral takes place in conjunction with agenda item number 7 (Minute 58 refers).

**56 5B - ITEM REFERRED FROM CABINET SUB-COMMITTEE: 20 NOVEMBER 2018 - NORTH HERTFORDSHIRE MUSEUM & HITCHIN TOWN HALL: ACQUISITION OF 14/15 BRAND STREET**

*Audio recording – Start time of item – Session 1 - 25 minutes 38 seconds*

**RESOLVED:** That consideration of this referral takes place in conjunction with agenda item number 8 (Minute 59 refers).

**57 WASTE COLLECTION SERVICE IN NORTH HERTFORDSHIRE**

*Audio recording – Start time of item – Session 1 - 25 minutes 51 seconds*

Councillor Weeks, Executive Member for Waste, Recycling and the Environment, presented the report of the Service Director – Place in respect of the Waste Collection Service in North Hertfordshire.

The following Members of Cabinet asked questions and contributed to the debate:

- Councillor Julian Cunningham;
- Councillor Bernard Lovewell;
- Councillor Lynda Needham;
- Councillor Tony Hunter;
- Councillor David Levett;
- Councillor David Barnard.

The Service Director – Resources clarified the financial implications of the proposal.

Councillor Weeks and the Service Director - Place responded to the questions

Upon the vote it was

***RECOMMENDED TO COUNCIL:***

- (1) That, in recognition of the service received since the start of the new waste contract, which has not been of the standard we expect, the Council agrees an extension of the current 12 month payment period for green waste collection, for a further period of 3 months. The loss of income based on current (52%) uptake is approximately £290k;
- (2) That, in addition, to provide a free roll of compostable liners for the kitchen food waste caddies. The estimated cost of the liners is circa £30k.

***REASON FOR DECISION:*** To acknowledge service disruption in our waste collection service and demonstrate to residents that the Council is taking the issue and the inconvenience caused extremely seriously. Predominantly, garden waste collection and food waste collection have been disrupted.

**58 REGENERATION OF CHURCHGATE SHOPPING CENTRE**

*Audio recording – Start time of item – Session 1 – 39 minutes 9 seconds*

The Chairman of the Hitchin Committee presented the following referral from that Committee, made at its meeting held on 13 November 2018, in respect of the Regeneration of Churchgate Shopping Centre. He explained that the committee:

***“RECOMMENDED TO CABINET:***

- (1) That the Chairman of Hitchin Committee should be a member of the Churchgate Project Board;
- (2) That the Hitchin Committee:
  - (i) Welcomes the ideas and concepts put forward by the community groups, as presented by John and Vicky Wyer;
  - (ii) Notes that, whilst some of the proposals may not be viable at this time, nevertheless many of the concepts and ideas make a positive contribution to the development of the project;

- (iii) Asks the Council to engage with representatives of the community groups in the design and development of the project, should it go ahead.”

The Executive Member for Finance and IT advised that, although he did not have a problem with the suggestion, it was not constitutionally the role of Cabinet to appoint members of a project board, it was the role of the lead officer.

The Executive Member for Finance and IT explained that it would be necessary to consider the Part 2 Item on this subject prior to considering the Part 1 report.

At this point Cabinet considered the Part 2 report (Minute 61 refers).

*Audio recording – Session 2 – 1 second*

Following consideration of the Part 2 Item the Executive Member for Finance and IT presented the report of the Deputy Chief Executive regarding the Regeneration of Churchgate Shopping Centre. The following appendices accompanied the report:

- Appendix A - Report due to be considered by Council on 22 November 2018;
- Indicative Site Plan - Ground Floor;
- Indicative Site Plan - First Floor.

He advised that, as a result of consideration of the Part 2 report, Cabinet had passed the following resolution:

“Cabinet recommends to Full Council that it notes that in light of the risks associated with the proposals, including the reliance on funding from the Local Enterprise Partnership, officers will urgently consider in more detail the alternative options in the event that the current proposals are unable to proceed; such alternative options to be reported to Full Council early 2019 if required.”

In respect of the referral from the Hitchin Committee, Councillor Cunningham proposed:

- (1) That the Chairman of Hitchin Committee should be a member of any Churchgate Project Board and notes that Paragraph 1.2.6 of the Council’s Constitution authorises the lead officer to choose the membership of the project board, in consultation with the Leader of the Council;
- (2) Cabinet notes the recommendations of the Hitchin Committee regarding engagement with community groups and recommends to Full Council that the Consultation Strategy, which will form part of any development management agreement with a developer, clearly sets out how the community will continue to be engaged with and how they will have opportunities to see and influence the final proposals.

Upon the vote it was:

**RESOLVED:** That Cabinet notes the recommendation that the Chairman of Hitchin Committee should be a member of any Churchgate Project Board and notes that Paragraph 1.2.6 of the Council’s Constitution authorises the lead officer to choose the membership of the project board, in consultation with the Leader of the Council.

**RECOMMENDED TO COUNCIL:**

- (1) That the proposals progress to the final work required prior to Full Council’s final approval of the terms of any proposal;



- (2) That the Consultation Strategy, which will form part of any development management agreement with a developer, clearly sets out how the community will continue to be engaged with and how they will have opportunities to see and influence the final proposals.

**REASON FOR DECISION:** The Council has been seeking to regenerate the Churchgate Centre for a number of years and a number of different proposals have been considered during that time, with none of those proposals progressing to a successful conclusion. The proposal currently being considered finds a solution to a number of the problems faced by previous proposals and would appear to be achievable in the short term. The proposals would also see significant investment in Hitchin Market and the public realm. The Council's potential investment in this regeneration opportunity is also expected to provide a reasonable financial return. The initial proposals received significant public support when they were consulted on in March/April 2018.

## 59 NORTH HERTFORDSHIRE MUSEUM & HITCHIN TOWN HALL: ACQUISITION OF 14/15 BRAND STREET

*Audio recording – Start time of item – Session 2 - 8 minutes.57 seconds*

Prior to the item being discussed Councillor Bernard Lovewell declared a declarable interest in that he was a Member of the Cabinet Sub-Committee (Council Charities) and, in accordance with legal advice given previously, would leave the Chamber for the duration of the item.

Prior to the item being discussed Councillor Julian Cunningham declared a declarable interest in that he was a Member of the Cabinet Sub-Committee (Council Charities) and, in accordance with legal advice given previously, would leave the Chamber for the duration of the item.

Prior to the item being discussed Councillor Michael Weeks declared a declarable interest in that he was a Member of the Cabinet Sub-Committee (Council Charities) and, in accordance with legal advice given previously, would leave the Chamber for the duration of the item.

The Executive Member for Community Engagement and Rural Affairs presented a report of the Deputy Chief Executive in respect of North Hertfordshire Museum & Hitchin Town Hall: Acquisition of 14/15 Brand Street. The following Appendices were presented with the report:

- Appendix A - Proposed Settlement Agreement;
- Appendix B- Gantt chart of activities required for the full opening of Hitchin Town Hall and District Museum.

The Executive Member for Community Engagement and Rural Affairs referred Cabinet to the referral from the Cabinet Sub-Committee (Council Charities) (Minute 56 refers) which:

**RESOLVED:** That the Charities Sub-Committee:

- (1) Notes the proposal for the Council to acquire 14/15 Brand Street for a purchase price of £550,000.00;
- (2) Confirms that it has no objections to the settlement agreement referred to in the submitted report;
- (3) Authorises the Council to execute the settlement agreement on behalf of the Trust;
- (4) Delegates to the Service Director - Customers in consultation with the Trust Lawyer and the Chairman of the Cabinet Sub-Committee authority to review the management agreement entered into between the Hitchin Town Hall Gymnasium and Workmans Hall Trust and the Council and to make any minor amendments to take account of the settlement agreement in the event that it is completed;

- (5) Requests that the Cabinet be informed of the resolutions of the Sub-Committee as detailed in (1) – (4).

At this point Cabinet considered the Part 2 report (Minute 62 refers).

*Audio recording – Session 3 - 1 second*

Following consideration of the Part 2 report the Executive Member for Community Engagement and Rural Affairs proposed the recommendations as detailed in the report and upon the vote it was:

**RESOLVED:**

- (1) That the purchase of 14/15 Brand Street for £550,000 be approved;
- (2) That the Council should enter into the Settlement Agreement at Appendix A;
- (3) That the timeline for the full opening of the North Hertfordshire Museum be noted.

**REASONS FOR DECISION:**

- (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;
- (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.

**60 EXCLUSION OF PRESS AND PUBLIC**

Audio recording – Start time of item – Session 1 - 48 minutes 10 seconds

It was proposed by Councillor Cunningham and

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

**61 REGENERATION OF CHURCHGATE SHOPPING CENTRE**

This report was considered following the presentation of the referral from Hitchin Committee, but prior to consideration of the Part 1 report (Minute 58 refers)

The Deputy Chief Executive presented the report in respect of the Regeneration of Churchgate Shopping Centre. The following appendices accompanied the report:

- Appendix A - Report due to be considered by Council on 22 November 2018;
- Appendix A - Report of BNP Paribas Real Estate;
- Appendix B - Capital Viability Model;
- Appendix C - Revenue Viability Model;
- Appendix D - Financial Sensitivity analysis;
- Appendix E - initial risk log prepared for LEP bid.

Detailed debate and questioning regarding the report took place with the following Members contributing:

- Councillor David Levett;
- Councillor Lynda Needham;
- Councillor Julian Cunningham;
- Councillor Bernard Lovewell;
- Councillor David Barnard.

The Chairman agreed that Members present, who were not members of Cabinet could ask questions during the Part 2 debate, the following Members asked questions:

- Councillor Judi Billing;
- Councillor Ian Albert;
- Councillor Paul Clark.

The Deputy Chief Executive and Mr Rob Williams, BNP Paribas responded to questions.

Councillor Cunningham proposed the following recommendation to Council:

“Cabinet recommends to Full Council that it notes that in light of the risks associated with the proposals, including the reliance on funding from the Local Enterprise Partnership, officers will urgently consider in more detail the alternative options in the event that the current proposals are unable to proceed; such alternative options to be reported to Full Council early 2019 if required.”

Upon the vote it was:

**RESOLVED:** That the content of the Part 2 Council report be noted.

**RECOMMENDED TO COUNCIL:** That, Full Council notes that in light of the risks associated with the proposals, including the reliance on funding from the Local Enterprise Partnership, officers will urgently consider in more detail the alternative options in the event that the current proposals are unable to proceed; such alternative options to be reported to Full Council early 2019 if required.

**REASON FOR DECISION:** The Council has been seeking to regenerate the Churchgate Centre for a number of years and a number of different proposals have been considered during that time, with none of those proposals progressing to a successful conclusion. The proposal currently being considered finds a solution to a number of the problems faced by previous proposals and would appear to be achievable in the short term. The proposals would also see significant investment in Hitchin Market and the public realm. The Council's potential investment in this regeneration opportunity is also expected to provide a reasonable financial return. The initial proposals received significant public support when they were consulted on in March/April 2018.

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

This report was considered following the presentation of the referral from Cabinet Sub-Committee (Council Charities), but prior to consideration of the Part 1 report (Minute 59 refers).

Councillor Bernard Lovewell had previously declared a declarable interest in that he was a Member of the Cabinet Sub-Committee (Council Charities) and, in accordance with legal advice given previously, would leave the Chamber for the duration of the item (Minute 59 refers)

Councillor Julian Cunningham had previously declared a declarable interest in that he was a Member of the Cabinet Sub-Committee (Council Charities) and, in accordance with legal advice given previously, would leave the Chamber for the duration of the item (Minutes 59 refers)

Councillor Michael Weeks had previously declared a declarable interest in that he was a Member of the Cabinet Sub-Committee (Council Charities) and, in accordance with legal advice given previously, would leave the Chamber for the duration of the item (Minute 59 refers)

The Executive Member for Community Engagement and Rural Affairs presented the report of the Deputy Chief Executive in respect of North Hertfordshire Museum & Hitchin Town Hall: Acquisition of 14/15 Brand Street.

Upon the vote it was:

:

**RESOLVED:** That the content of the part 2 Council report be noted:

**REASONS FOR DECISION:**

- (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;
- (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.

The meeting closed at 9.35 pm

Chairman

**CABINET  
29 JANUARY 2019**

**PUBLIC DOCUMENT**

**TITLE OF REPORT: STRATEGIC PLANNING MATTERS**

REPORT OF THE SERVICE DIRECTOR - REGULATORY  
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

**2. RECOMMENDATIONS**

2.1 That the report on strategic planning matters be noted.

2.2 That the submission in Appendix A is 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.

**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 relate to an item on the Council's 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**

Due to the Christmas and New Year break there has been no substantive progress on a number of issues since the last report to Cabinet in December 2018. Only those issues where there has been change since the last report are included.

### **8.1 Other Plans and Examinations**

- 8.1.2 **Uttlesford District Council** – Uttlesford are carrying out further work on the environmental assessment of their plan. This follows the findings of the Inspector examining plans in north Essex (which also proposed a series of new settlements). The Council's website states that they intend to submit the Plan for examination in early 2019.

- 8.1.3 **Welwyn Hatfield Borough Council** – A new call for sites has been launched running until 4 February 2019. This will inform whether there is any scope for additional housing sites to be identified to meet the objectively assessed need for housing. Following the call for sites, any submissions will be considered along with a review of the sites already proposed for allocation. The findings will be presented to Members in Summer 2019 with any changes or additional sites then submitted to the Local Plan Inspector.

- 8.1.4 **St. Albans City & District Council** –The Council intend to submit their plan for examination in March 2019. This follows consideration of the representations received to the proposed submission consultation last year.

- 8.1.5 **Hertfordshire County Council (waste & minerals)** – Consultation on the proposed submission Minerals Local Plan will be held between 14 January and 22 March 2019. Officers will review the contents of the Plan and, if required, prepare a response in consultation with the Executive Member. This will be reported to a future meeting.

8.1.6 **Chilterns AONB Management Plan** – a response to the Chilterns Conservation Board consultation on their draft Management Plan 2019 – 2024 was prepared and submitted under delegated powers. This is attached at Appendix A. The response is generally supportive of the Management Plan and its intentions. The main concern expressed is in relation to the potential conflict between encouraging more visitors into the AONB without having the supporting sustainable infrastructure to cope with this potential increase, which may put pressure on other issues such as the rural economy, social well-being and the landscape that they are trying to conserve and enhance. It is noted that there appears to be little supporting evidence to justify how the Conservation Board proposes to address sustainable transport measures through the Management Plan. Officers are part of the Chilterns Planning Forum and will continue to provide input to the Plan where possible as it moves through the process.

## **8.2 North Hertfordshire Local Plan**

8.2.1 Cabinet considered the Inspector's Main Modifications and approved consultation on them in December 2018. Following a delay in the publication of the relevant decision notice, consultation will now run until Monday 4 March 2019. Members, consultees and the public were previously advised the consultation would close on Thursday 14 February 2019. The revised consultation dates will be publicised. It is not considered that this delay will have a substantive bearing on the overall timetable for the Plan's examination.

## **8.3 Neighbourhood Plans**

8.3.1 An exploratory meeting to consider the Wymondley Neighbourhood Plan will be held by the examiner, Deborah McCann, on Wednesday 30 January. This is a meeting in public and will be held in the Council's Committee Rooms. Any outcomes will be reported to a future meeting.

## **8.4 Government Announcements**

8.4.1 No updates reported

## **8.5 London Luton Airport**

8.5.1 London Luton Airport Limited (LLAL) are continuing to work towards a submission to the Planning Inspectorate of a Development Consent Order (DCO) for the proposed expansion of the airport. Current timescales envisage that feedback on the 2018 non-statutory consultation will be reported in early 2019, a preferred masterplan option published mid 2019 with submission of a DCO application spring 2020.

8.5.2 Officers are meeting regularly with the LLAL together with the other affected authorities. Work is on-going in seeking to secure a Planning Performance Agreement (PPA) so that costs associated with the Council's representations on the scheme can be reimbursed in total or part.

## **8.7 Other transport and infrastructure matters**

8.7.1 **A505 Transport Corridor Joint Study** – as previously reported, North Hertfordshire is working together with Luton, Central Bedfordshire and Hertfordshire County Council in have commissioned AECOM to undertake a study to investigate and understand the transport infrastructure implications of the significant planned and future housing and economic growth within Bedfordshire and Hertfordshire and in particular along the A505 corridor. The first stage of the project is expected to be completed and signed off by the Steering Group later this month. Updates on the next stages of the project will be reported to future meetings of Cabinet.

## **9. LEGAL IMPLICATIONS**

9.1 Under the Terms of Reference for Cabinet Paragraph 5.6.18 of the Constitution states that the Cabinet may exercise the Council's functions as Local Planning Authority and receive reports on: strategic planning matters, applications for, approval/designation, consultation/referendums revocations (or recommend revocation) of neighbourhood plans and orders, (except to the extent that those functions are by law the responsibility of the Council or delegated to the Service Director: Regulatory).

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.



- 9.5 The provisions for planning obligations are set out under Section 106 of the Town and Country Planning Act 1990 (as amended).

## **10. FINANCIAL IMPLICATIONS**

- 10.1 The costs of preparing the Local Plan and running the examination are reviewed on a regular basis, and are reported through the quarterly revenue monitoring reports to Cabinet. The Quarter 2 monitor showed forecast spend of £306k in 2018/19, an overspend of £115k against the working budget.
- 10.2 The general costs of preparing Supplementary Planning Documents and responding to consultations on neighbouring authorities' Plans, neighbourhood plans and Government consultations are met through existing revenue budgets. 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.

## **15. APPENDICES**

15.1 Appendix A – NHDC Response to Chilterns AONB draft Management Plan 2019-2024 consultation

## **16. CONTACT OFFICERS**

16.1 Ian Fullstone, Service Director of Regulatory  
01462 474480 [ian.fullstone@north-herts.gov.uk](mailto:ian.fullstone@north-herts.gov.uk)

### ***Contributors***

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## **17. BACKGROUND PAPERS**

17.1 None

## NORTH HERTFORDSHIRE DISTRICT COUNCIL

Council Offices, Gernon Road, Letchworth Garden City, Hertfordshire, SG6 3JF

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Sue Holden  
Chief Officer  
Chilterns Conservation Board  
The Lodge  
90 Station Road  
Chinnor  
OX39 4HA

Our Ref: LettAONB/HL/SH  
Contact Officer: Helen Leitch  
Direct Line: 01642 474513  
Email [helen.leitch@north-herts.gov.uk](mailto:helen.leitch@north-herts.gov.uk)  
Date: 21 December 2018

Dear Sue,

### **Re: Chilterns AONB draft Management Plan 2019-2024**

Thank you for the opportunity for North Hertfordshire District Council to comment on the draft Management Plan. Our detailed comments for each section have been submitted, as requested, on-line (see copy attached) but we would like to make some general comments regarding the overall structure and content of the Management Plan.

While we realise that you need to focus the comments received, it would have been beneficial to be able to comment on the Policies in each section as well as the Strategic Objectives. Of the four questions for each section only two allow free text – one for the Objectives and one for the Actions. Therefore we have included our comments on the policies within the two free text areas.

Sections 5 to 10 (the six themes of Nature; Historic Environment; Land, Woodland and Water; Enjoyment and Understanding; Social and Economic Wellbeing; and Development) lack consistency as some sections have supporting text for the policies and others do not. Some policies are very specific and others cover a number of issues. Also, we consider that the order of some policies could be reviewed to put overarching policies first followed by policies relating to specific issues.

We realise that the scope of the different sections varies but there is a range in the number of objectives in each section between 3 & 8, and in the number of policies in each section between 12 & 21. This gives a total of 30 Objectives and 89 policies, plus the four general policies. Also there is overlap between some sections in their Objectives and Policies creating repetition or in some cases leading to potential conflict. For example, policy NP12 (p29) *Help visitors to discover and enjoy wildlife in the Chilterns sensitively while not harming or disturbing it* is similar to, and could be included in, policy EP8 (p45) *Promote greater understanding of the Chilterns*

*landscape and respect for other users, through communication and education.*  
Policy SP7 (p49) *Encourage greater use of the AONB landscape to improve levels of physical and mental health and wellbeing* also refers to helping visitors enjoying the AONB and could also be included. We would suggest that further consideration could be given to the number of policies and whether some could be combined to reduce the overall number as well as seek to address the potential conflict between the various sections.

If it is not appropriate to have a definition for 'the setting' of the AONB then this needs to be stated in the document with a reason. Similarly, if the definition of 'major development' is different within the AONB then this also needs to be clarified.

We are concerned about conflict between encouraging more visitors into the AONB without having the supporting sustainable infrastructure to cope with this potential increase, which may put pressure on other issues such as the rural economy, social well-being and the landscape that you are trying to conserve and enhance. There appears to be little supporting evidence to justify how the Conservation Board proposes to address sustainable transport measures through the Management Plan.

It is noted that collaborative/partnership working is promoted throughout the Plan. Further clarity is required with regard to how the Conservation Board anticipates the 'Key actions', as set out at the end of each section, will be delivered and who will be responsible for undertaking the actions. This will require careful consideration in terms of placing any additional burden on local authorities with decreasing resources.

The 2019-2024 Management Plan is a collaboration between the authors of the different sections and various other people with an interest in the AONB. The difficulty is to ensure that the objectives and policies fit together coherently to achieve a consistent document across all the themes. The Conservation Board might want to satisfy themselves that the Management Plan is an effective, workable document for the range of people who will use the Plan.

While the Council is generally supportive of the Management Plan and its intentions, the comments outlined in this letter and in our on-line response have highlighted certain aspects where we consider further clarification and suggested amendments could be made to the Plan. If you wish to discuss our comment in more detail then please contact Helen Leitch, Principal Urban Design & Landscape Officer.

Yours sincerely



Cllr David Levett  
Executive Member for Strategic Planning, Enterprise and Transport

## CHILTERNs AONB MANAGEMENT PLAN 2019-2024 CONSULTATION DRAFT FEEDBACK FORM

<b>Your Name:</b>	Helen Leitch
<b>Email:</b>	Helen.leitch@north-herts.gov.uk
<b>Organisation:</b>	North Hertfordshire District Council

We welcome your interest and feedback on the draft Chiltern AONB Management Plan.

The plan has undergone a complete restructure over the past 10 months based on internal and external review and feedback. The new plan includes the **key issues, objectives, policies and key actions** that we have identified for the area for the next five years and beyond.

We particularly welcome your comments on our Vision and General Policies (pages 15-18 of the draft Plan). Any feedback you're able to provide is welcome. Unfortunately, we are unable to reply to consultation responses individually.

The Management Plan is available for consultation from 23 October – 31 December 2018. Please complete, save and submit your response via our online submission form here:

<https://www.chilternsaonb.org/management-plan-review>

### YOUR COMMENTS

#### INTRODUCTORY SECTIONS (pages 2 – 18)

<p>Do you agree with the general policies (GP1-GP4) set out on pages 15-18 of the Management Plan?</p> <p>GP1 YES</p> <p>GP2 YES</p> <p>GP3 YES</p> <p>GP4 YES</p>
<p>Do you agree with the Vision for the AONB?</p> <p>YES</p>
<p>Do you have any other feedback on the Introductory Sections?</p> <p>Within the Vision on p14, bullet point 8 states 'Only the most essential development should take place within the AONB.... How is 'most essential development' defined in respect of the AONB? It would also be useful to have an AONB definition of 'major development' if this is different from the recognised planning definition. How will the AONB manage the conflict between GP4 (contributing sustainable ecosystem services) (P18) and EO5 encouraging MUCH greater use of the Chilterns by people surrounding the Chilterns? (p43)</p>
<p>Please tell us what you would be willing to do to care for the Chilterns in the future</p>

## CHILTERNNS AONB MANAGEMENT PLAN 2019-2024 CONSULTATION DRAFT FEEDBACK FORM

### NATURE

Do you support the Strategic Objectives set out in the Nature section?

**YES**

Do you have any comments about the Strategic Objectives set out in the Nature Section?

**Policy NP12 Help visitors to discover and enjoy wildlife in the Chilterns sensitively while not harming or disturbing it. Needs to be rewritten as 'sensitively' either needs to be omitted or relocated after 'Help visitors to'.**

Do the Policies deliver the Strategic Objectives in the Nature section?

**YES**

Please tell us any Actions you feel are needed to achieve the strategic objectives.

**It is not clear who will be responsible for the Key Actions.**

### HISTORIC ENVIRONMENT

Do you support the Strategic Objectives set out in the Historic Environment section?

**YES**

Do you have any comments about the Strategic Objectives set out in the Historic Environment Section?

**Policy HP6 refers to Neighbourhood Plan but there is no mention of Neighbourhood Plans elsewhere or guidance on how Parish Councils or Neighbourhood Forums working with the local communities could get involved in locally listed heritage assets.**

**No supporting text has been provided for the policies in this section.**

Do the Policies deliver the Strategic Objectives in the Historic Environment section?

**YES**

Please tell us any Actions you feel are needed to achieve the strategic objectives.

**It is not clear who will be responsible for the Key Actions.**

### LAND, WOODLAND & WATER

Do you support the Strategic Objectives set out in the Land Woodland & Water section?

**YES**

Do you have any comments about the Strategic Objectives set out in the Land Woodland & Water Section?

**Objective LO2 ensuring the chilterns remains a functional, working landscape conflicts with desire to increase visitor numbers. There needs to be a careful balance between accessibility for visitors and the economy of the AONB. The words 'functional' and 'working' have similar meanings and one of them could be removed.**

**Policy LP4 deals with grazing on all areas of Chilterns chalk grassland. Further clarification is required in the supporting text regarding what can be done about the current uneconomic status of grazing as management.**

**Not all policies in this section have supporting text.**

## CHILTERNs AONB MANAGEMENT PLAN 2019-2024 CONSULTATION DRAFT FEEDBACK FORM

Do the Policies deliver the Strategic Objectives in the Land Woodland & Water section?

**YES**

Please tell us any Actions you feel are needed to achieve the strategic objectives.

**It is not clear who will be responsible for the Key Actions.**

### ENJOYMENT & UNDERSTANDING

Do you support the Strategic Objectives set out in the Enjoyment & Understanding section?

**NO**

Do you have any comments about the Strategic Objectives set out in the Enjoyment & Understanding Section?

**Not all policies in this section have supporting text.**

**The first paragraph in the section talks about Londoners taking the train straight into the countryside. Presumably this is mainly people living north of the Thames as there are other recreation options more accessible for people living south of the Thames. How will people arriving at a tube or railway station on foot get access into the AONB countryside? Can there be links with public bus networks?**

**An objective should be to address the uneven spread of visitor pressure and protect the most vulnerable sites.**

**Objective EO5 seeks to Encourage MUCH greater use of the Chilterns countryside.... Surely encouraging greater use is sufficient?**

Do the Policies deliver the Strategic Objectives in the Enjoyment & Understanding section?

**NO**

Please tell us any Actions you feel are needed to achieve the strategic objectives.

**Policy EP3 is unclear. Is it about accessibility within the AONB or getting to the AONB? Initiatives to improve accessibility to the AONB should be using sustainable transport. Improving accessibility within the AONB should also include bus stops, tube and railway stations. It is unclear why the AONB should be the most accessible landscape in the country.**

**Policy EP4 is similar to policy NP11 in seeking engagement of volunteers.**

**Policy EP7 reference could also be made on how bike hire can be encouraged eg. at railway stations or car parks.**

**Policy EP8 promotes greater understanding of the Chilterns landscape and respect for other users through communication and education but there is no mention of potential effects on people who live and work in the AONB.**

**EP9 is similar to EP3 and EP10 in raising awareness and promoting the Chilterns. They could be combined.**

## CHILTERNNS AONB MANAGEMENT PLAN 2019-2024 CONSULTATION DRAFT FEEDBACK FORM

**Suggest that EP10 (including EP3 and EP9) should be the first policy in the section as it is about a Chilterns-wide visitor management initiative to ensure visitor use is sustainable. It is also not clear who will be responsible for the Key Actions.**

### SOCIAL & ECONOMIC WELLBEING

Do you support the Strategic Objectives set out in the Social & Economic Wellbeing section?  
**YES**

Do you have any comments about the Strategic Objectives set out in the Social & Economic Wellbeing Section?

**There is no mention of Local Enterprise Partnerships (LEPs) and the possibility to work in partnership with such organisations to promote economic opportunities in the AONB.**

**Policy SP12 Promote the Chilterns at key visitor entry points is similar to policies EP3 and EP9 resulting in duplication.**

Do the Policies deliver the Strategic Objectives in the Social & Economic Wellbeing section?  
**YES**

Please tell us any Actions you feel are needed to achieve the strategic objectives.

**It is not clear who will be responsible for the Key Actions.**

### DEVELOPMENT

Do you support the Strategic Objectives set out in the Development section?  
**YES**

Do you have any comments about the Strategic Objectives set out in the Development Section?  
**None of the policies have supporting text.**

**DP2 and DP3 should be framed in a more positive way rather than refusing development except where it meets the criteria.**

**DP4 highlights development which generates traffic in or travelling across the AONB but what about the effect of encouraging increased visitor numbers and the need to diversify and encourage business in the AONB?**

**DP7 reads as if all permitted development within the AONB or its setting, regardless of scale or type, delivers on-site improvements for AONB visitor facilities.**

Do the Policies deliver the Strategic Objectives in the Development section?  
**NO**

Please tell us any Actions you feel are needed to achieve the strategic objectives.

**This form does not allow comments on any Policies within any of the sections., nor is it clear who will be responsible for the Key Actions.**





## CHILTERN'S AONB MANAGEMENT PLAN 2019-2024 CONSULTATION DRAFT FEEDBACK FORM

### **IMPLEMENTATION & MONITORING**

Do you have any comments about the Implementation & Monitoring Section?

**It would be useful to include the source of the data sets for each of the eight Core Monitoring Indicators. These Indicators are a good secondary level of monitoring presumably on an annual basis and more could be added if information becomes available.**

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**CABINET  
29 JANUARY 2019**

**PUBLIC DOCUMENT**

**TITLE OF REPORT: MAKING OF AN ARTICLE 4 DIRECTION FOR THE DISTRICT'S KEY EMPLOYMENT AREAS**

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

**1. EXECUTIVE SUMMARY**

- 1.1 Following changes to permitted development rights over a number of years, a range of employment premises can be converted to residential use without requiring a grant of planning permission by the District Council. This report seeks Cabinet approval to introduce a non-immediate Article 4 Direction that would withdraw these rights across a defined area.

**2. RECOMMENDATIONS**

- 2.1 That Cabinet approve the making of, and consultation on, a non-immediate Article 4 Direction for the District's defined employment areas.
- 2.2 That delegated powers be conditionally granted to the Service Director – Regulatory in consultation with the Portfolio Holder for Planning, Enterprise & Transport to confirm the Non Immediate Article 4 Direction following consultation subject to no, or only minor, amendments being necessary.

**3. REASONS FOR RECOMMENDATIONS**

- 3.1 Policy SP3 of the emerging Local Plan states that the Council will proactively encourage sustainable economic growth, support new and existing businesses and seek to build on the District's strengths, location and offer. The Council intends to do this through numerous policies including:

- Allocating an adequate supply of employment land to meet the future needs of the area; and
- Safeguarding Employment Areas within the District's main settlements to enhance and protect their employment potential.

3.2 It would be appropriate to pursue an Article 4 Direction in these areas in order to require planning permission for the change of use from various employment uses to residential use in order to protect designated employment land within the District. The Council would apply the direction in Employment Areas and the Employment Allocations defined by Policy ETC1 in the new Local Plan (as proposed to be modified).

3.3 An Article 4 Direction will prevent small-scale losses of employment land through the implementation of change of use schemes to residential under permitted development. Moreover, withdrawing permitted development rights and requiring a planning application will ensure that a suitable quality of residential development be achieved through the planning application process as well as allowing the Council to enforce its housing strategy as set out in the detailed policies of the new Plan.

3.4 Requiring planning permission for the change of use will also help to guard against the threat to existing neighbouring employment units that could otherwise arise through the creation of residential units within employment areas, potentially requiring the Council to subsequently address statutory nuisances.

#### **4. ALTERNATIVE OPTIONS CONSIDERED**

4.1 A 'do nothing' approach which does not restrict existing permitted development: This is not recommended due to the potential implications for the supply of employment floor space in the District, the overall strategy and status of the emerging new Local Plan and the quality of new accommodation as set out in this report.

4.2 An immediate Article 4 direction: This would achieve the same outcomes as the proposals in this report but with immediate effect. This would remain subject to consultation and subsequent confirmation. However, this approach would also potentially leave the Council liable to compensate those affected. This is discussed further below.

4.3 A non-immediate direction with different timescale: This would achieve the same outcomes as above, but on a shorter (or longer) timescale. However, on balance, and having regard to the approach taken by other Councils and compensation provisions, the twelve-month period recommended is considered most appropriate.

- 4.4 An (immediate or non-immediate) Article 4 Direction with a different scope: This approach is not recommended for the reasons set out in this report.
- 4.5 To not proceed any Article 4 Direction in advance of any adoption of the new Local Plan: There remains the possibility that the geographical extent of the employment areas in the new Local Plan could still change. This could impact upon the preferred geographical scope of any Article 4 Direction. However, for the reasons set out in this report (and the report to Cabinet of 10 December 2018 concerning the Local Plan), the issuing of the Inspector's Main Modifications is considered to give an appropriate level of surety. Waiting for any adoption of the Plan would lengthen the time for which the Permitted Development rights described in this report would remain in operation.

## **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 in this report.
- 5.2 Council officers have met with both Hertfordshire Local Enterprise Partnership (LEP) and the Letchworth Garden City Heritage Foundation (as freeholder of key employment sites in Letchworth), with both offering initial support to the concept of an Article 4 Direction as outlined above.
- 5.2 Subject to Cabinet approval, the Article 4 Direction would be subject to advertisement and consultation as set out in Section 8 of this report.

## **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 25<sup>th</sup> April 2018.

## **7. BACKGROUND**

- 7.1 Permitted Development is development which is allowed to take place without the need to apply to the District Council for planning permission. Permitted Development is effectively granted planning permission nationally by the Secretary of State by Order. Historically, much of Permitted Development related to (for example) small-scale alterations that householders could make to their homes and gardens or operational development by statutory undertakers. In recent years, the Government has expanded Permitted Development rights to cover a wider range of uses.

- 7.2 In 2013, new rights were introduced allowing the change of use of office buildings to residential use. This was accompanied by a 'light touch' prior approval regime which required that only key flooding, highway, transport and contamination impacts need be considered. These rights were originally introduced on a temporary basis. In 2015, it was announced that these rights would become permanent.
- 7.3 A second right relates to the conversion of small storage and distribution uses. This was introduced in 2015 for up to 500m<sup>2</sup> to residential use and is currently due to end in June 2019. This is presently within the 'transitional' period allowed for by the non-immediate Article 4 direction proposed in this report. However, following the 2018 budget, the Government has consulted upon making this right permanent (as with office conversions above). The outcome of this consultation is awaited.
- 7.5 A third right, allowing for the change of light industrial uses to residential use, was introduced in 2016. This right is for schemes of up to 500m<sup>2</sup> and is due to end in 2020. However, as seen above with the office and storage / distribution rights, it is considered likely that these rights could similarly be (proposed to be) made permanent in due course.
- 7.6 The prior approval regime allows for certain key impacts of any conversion to be considered. These vary slightly for each of the rights outlined above. They can consider matters such as transport impacts, contamination, flood risk and noise. Provided these conditions are met, a prior approval will be granted. Under this regime, the Council cannot consider the broader principle of whether or not it is desirable to lose affected office building(s) from the employment stock, though the other rights do presently allow for consideration of any adverse impact upon the general sustainability of employment uses in the area.
- 7.7 It is not possible to require the provision of affordable housing on such schemes, nor the meeting of space standards for new homes. It is not possible to seek s106 contributions for matters not considered under the prior approval regime such as education or open space provision.
- 7.8 The Council's new Local Plan is progressing through its examination. In December 2018, Cabinet considered and agreed to consult upon the Inspector's Main Modifications. This marks a key step within the examination process. It provides a degree of surety regarding the Inspector's current view of the Plan and the likely scale and locations of future growth and development. The emerging Plan (as proposed to be modified) makes provision to meet the District's housing needs in full whilst maintaining a sufficient stock of employment land to meet local needs and provide an appropriate balance of uses across the District.

- 7.9 Councils have discretionary powers to implement an Article 4 Direction to withdraw a Permitted Development right should they deem it appropriate. Article 4 Directions are the tool available to local planning authorities in responding to the particular needs of their areas. An Article 4 Direction does not completely prevent the development to which it applies, but instead requires that planning permission is first obtained from the local planning authority for that development. This allows for consideration of the broader issues outlined above, along with any other relevant factors.
- 7.10 The Council has the power to modify or cancel an Article 4 Direction it has made at a future date. This allows for the Council to monitor the relevance and effectiveness of any directions in its area. If future employment needs, or planning requirements more generally, were to change it would be possible to remove or change any planning restrictions imposed as a result of this report.

## **8. RELEVANT CONSIDERATIONS**

- 8.1 Paragraph 53 of the National Planning Policy Framework (NPPF) states that the use of Article 4 directions to remove national permitted development rights should be limited to situations where it is necessary to protect local amenity or the wellbeing of the area. Justification must be provided for the purpose and extent of the Article 4 Direction.
- 8.2 Article 4(1) of the Town and Country Planning (General Permitted Development) (England) Order 2015 itself states the Council when making a direction must be satisfied that it is expedient that development that would normally benefit from permitted development rights should not be carried out unless permission is granted for it on an application.

### Overall justification for use of an Article 4 Direction

#### **Protection of employment land**

- 8.3 The emerging Local Plan explains that, in planning, employment land use usually refers to 'B-class' uses<sup>1</sup>. Approximately 45% of all jobs fall into these use classes, which include:
- B1(a) offices
  - B1(b) research & development
  - B1(c) light industry
  - B2 general industry; and
  - B8 storage and distribution

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<sup>1</sup> As defined in the Town and Country Planning (Uses Classes) Order, 1987 (as amended)

- 8.4 As set out above, the new Local Plan for the District has now reached a stage where it is considered expedient to take steps to ensure that its strategy for the growth and development of the District is not undermined by the permitted development rights outlined in Section 7 of this report. The new Local Plan seeks to support employment growth and diversification in the District. Such growth and diversification could be challenging if existing employment land or, once granted permission and built, new employment sites are subsequently lost to residential use<sup>2</sup> through general permitted development rights and not at the discretion of the Council as Local Planning Authority.
- 8.5 The emerging Plan identifies sufficient sites and allowances to ensure the District's housing needs are met in full. Similarly, the employment strategy has been interrogated to ensure it will make sufficient provision and that it is in balance with the levels of housing being proposed in the District and wider market areas. This includes making provision for employment needs associated with Stevenage.
- 8.6 Over the last five years, the District has lost more than 25,000m<sup>2</sup> of employment floorspace to residential uses, as shown in Table 1. Most of these losses required planning permission, either because they occurred prior to the relevant rights being introduced or because they exceed the floorspace thresholds. In these instances, it was possible to consider individual applications on their merits and come to an informed view as to whether it was desirable to allow these changes. Almost all of these losses occurred outside designated employment areas. However, they evidence a general pressure for the conversion of floorspace from employment uses for residential purposes.

*Table 1 – Loss of employment floorspace to residential.*

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>Total</b>
B1(a)	2,157	5,691	1,693	4,142	3,837	17,520
B1(c)	715	1,624	238	1,300	61	3,938
B8	130	2,760	817	100	48	3,855
Total	3,002	10,075	2,748	5,542	3,946	25,313

- 8.7 Without the implementation of an Article 4 Direction to prevent this change of use from happening without planning permission, it is possible that these losses could increase and / or begin encroaching into the Council's key employment areas, as developers seek opportunities to provide more housing across North Hertfordshire. Housing generally has a higher value than employment uses.

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<sup>2</sup> The Permitted Development rights generally require the affected buildings to have been in use at a specified date – either May 2013 or March 2014. Any new premises which are yet to be built, either on the proposed sites in the Local Plan or elsewhere, would not satisfy this criterion. However, the General Permitted Development Order is subject to periodic review and change and it is considered reasonable to assume that these specified dates, or other relevant criteria, may be updated or otherwise changed during the lifetime of any Article 4 Direction.



- 8.8 Across the county more broadly, the Hertfordshire LEP have expressed significant concern at the ongoing losses of employment space, and the general lack of suitable and available space for business. They are strongly encouraging local authorities to take steps to address this, including the implementation of Article 4 Directions.

**Protection of living standards and infrastructure provision**

- 8.9 As well as the potential implications for the Council's employment strategy, it is equally considered expedient to introduce an Article 4 direction to ensure the protection of living standards and the delivery of appropriate housing and infrastructure
- 8.10 Although subject to the prior approval regime, conversions to residential use under Permitted Development are not subject to the same considerations that would apply if planning permission was required. These considerations include, but are not necessarily limited to (as set out in Paragraph 7.7):
- Design considerations, including the application of nationally described space standards for new homes; and
  - Whether s106 developer contributions (including the provision of affordable housing) should be sought for matters not covered by the prior approval regime.
- 8.11 Evidence produced by the Royal Institute of Chartered Surveyors found that permitted development for office to residential use has allowed extremely poor quality housing to be developed with standards significantly worse than schemes which required full planning permission<sup>3</sup>. The new Local Plan requires that, where planning permission is required, residential schemes must meet the Government's minimum space standards for new homes. It is not necessary to meet these standards under the permitted development / prior approval approach.
- 8.12 As set out above, where schemes are brought forward under permitted development, s106 legal agreements can only be sought for those matters which are required to be addressed under the prior approval regime. It is not possible to apply the Council's affordable housing policies meaning that any schemes of 10 units or more do not / would not contribute towards the District's identified affordable housing needs.

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<sup>3</sup> [Assessing the impacts of extending permitted development rights to office-to-residential change of use in England \(RICS, May 2018\)](#)

- 8.13 The cumulative impact of non-contributing prior approval schemes on infrastructure provision can additionally be a significant (financial) burden upon Councils. This is particularly the case for high-cost infrastructure items such as education provision which is not a consideration under the prior approval regime. Imposing an Article 4 Direction would allow for any relevant applications to be considered against policies requiring infrastructure contributions. This would include the forthcoming update to the Council's Developer Contributions SPD outlined at the previous Cabinet meeting.

Scope of the Article 4 Direction

- 8.14 It is recommended that the Article 4 Direction seeks to revoke permitted development rights for all three changes of use identified in paragraphs 7.2 to 7.5. One of these rights has already been made permanent while one is proposed to be made permanent. The third is currently due to expire in 2020 but there is a reasonable prospect this will be extended or made permanent in due course.
- 8.15 It is further recommended that the Article 4 Direction is confined to the Council's key existing and proposed employment sites as defined in the new Plan and shown in the maps in Appendix A. This approach has regard to:
- The fact that these are recognised in the emerging Plan as the key locations for existing and future employment in the District;
  - The expediency test as articulated in the NPPF. Planning Practice Guidance further advises that there should be a particularly strong justification for the withdrawal of permitted development rights across entire District areas or where prior approval regimes exist;
  - The potential costs and difficulties in appropriately notifying all business premises across the District in the event of an Article 4 Direction that would apply more widely; and
  - The potential for the Secretary of State to intervene if he considers the Article 4 Direction is not appropriate.
- 8.16 It is recommended that a non-immediate Article 4 Direction is made. This will mean that the Article will come into force 12 months after it is made. The use of a non-immediate Article 4 Direction means the Council can avoid compensation costs. Further information is provided in Section 10 below.

### Next steps

- 8.17 Subject to approval of the recommendations in this report, the Article 4 Direction will be formally drawn up, publicised and consulted upon. It is anticipated that publication and consultation could commence in March 2019. Notice of the Article 4 Direction shall be given:
- By local advertisement (a sample draft advert for the Article 4 Direction recommended by this report is attached as Appendix B);
  - By site notices at no fewer than two locations within the area to which the direction relates for a period of not less than six weeks; and
  - Individually on every owner and occupier of every part of land within the area or site to which the direction relates (unless it is impracticable because it is difficult to identify or locate them or the numbers of owners and occupiers would make individual service impracticable).
- 8.18 The publicity will invite representations to be sent to the Council within 21 days. The Secretary of State will also be notified on the same day the Article 4 Direction consultation is first published.
- 8.19 Following consultation, the next stage would be to decide whether to confirm the Article 4 Direction taking into account any representations received during the consultation period. It is recommended that delegated powers are granted to confirm the Article, subject to no significant changes being required. This is for expediency given that Cabinet has the opportunity to consider (and if necessary amend) the general principles and proposed scope of the Article 4 Direction through this report.
- 8.20 If a decision is made to confirm the Article 4 Direction the Council will give notice of the confirmation in accordance with the requirements set out in paragraph 8.17.

## **9. LEGAL IMPLICATIONS**

- 9.1 Article 4 of the Town and Country Planning (General Permitted Development) Order 2015 allows a local planning authority to make an Article 4 Direction to withdraw specified permitted development rights across a defined area. This is an Executive Decision and not one reserved to Full Council.
- 9.2 An Article 4 Direction does not prevent the development to which it applies, but instead requires that planning permission is first obtained from the Council for that development.

- 9.3 For all Article 4 Directions, the legal requirement is that the Council be satisfied that it is expedient that development that would normally benefit from permitted development rights should not be carried out unless permission is granted for it on an application. The NPPF also states that national permitted development rights should only be removed in situations where it is necessary to protect local amenity or the wellbeing of the area.
- 9.4 Government guidance further states that, in deciding whether an article 4 direction would be appropriate, the Council should identify clearly the potential harm that the direction is intended to address and that there should be a particularly strong justification for the withdrawal of permitted development rights relating to a wide area or where a prior approval regime exists.
- 9.5 The consultation that is to be undertaken must comply with legal requirements. Consultation responses are not binding on decision makers but need to be taken into account. Material changes to the direction resulting from consultation will require re-consultation.
- 9.6 The Secretary of State must be notified of the making and confirmation of any Article 4 Direction and has the power to make a direction modifying or cancelling such a direction at any point.
- 9.7 Regulation 5 of The Town and Country Planning (Fees for Applications, Deemed Applications, Requests and Site Visits)(England)(Amendment) Regulations 2017 removed the exemption from planning fees that previously applied for applications required as the result of an Article 4 direction.

## **10. FINANCIAL IMPLICATIONS**

- 10.1 The making and consultation on an Article 4 Direction will be covered by the Council's existing budgets and resources. The consideration of Prior Approval applications under the current regime and the consideration of any planning applications arising following confirmation of any Article 4 direction are covered by fee income and service budgets.
- 10.2 The use of a non-immediate Article 4 Direction means the Council will avoid compensation costs. This is because compensation for certain withdrawn permitted development rights may only be claimed if an application for planning permission is submitted within 12 months following the effective date of the direction. Therefore, the introduction of a non-immediate Article 4 Direction with a 12-month notice period will give rise to no claims for compensation. These specified permitted development rights are currently set out in the Town and Country Planning (Compensation) (England) (Amendment) Regulations 2015 (as amended).

- 10.3 The Council receives funding from both Council Tax and Business Rates. In relation to Council Tax, the Council receives an amount that is directly related to the number of new properties, but does also have to provide services that directly relate to these properties (e.g. waste collection). The future of Business Rates retention is currently unclear, as it is subject to initial consultation. It is expected that the Council will continue to receive a proportion of any net business rate growth, although the impact of levies and tier splits is unclear. It will also continue to be exposed to the effects of business rate decline, subject to safety-nets. There is less of a direct link between the number of business premises and the level of (and therefore cost of) services that the Council provides. The financial impact of the conversion of business to residential premises will be monitored. At the moment it is not possible to determine what this will be, but it is considered that it is unlikely to be significant. The effects of New Homes Bonus are ignored due to the significant uncertainty over this source of funding.

## **11. RISK IMPLICATIONS**

- 11.1 There are no risks relating directly to Article 4 directions on the Council's registers. However, Sustainable Development of the District is a Cabinet Top Risk.
- 11.2 There is a risk that the publicity associated with the Article 4 Direction may encourage some Prior Approval applications to convert employment premises to residential use in the transitional period before the Direction comes into effect. The risk of this is currently considered to be outweighed by the potential compensation risk of imposing an immediate Article 4 direction. This will be monitored.
- 11.3 There is a risk that any further change to the (geographical scope of) employment designations in the new Local Plan prior to its adoption may incur additional costs if it leads to re-consultation upon and / or modification of any Article 4 direction. However, it is considered that this risk and associated costs are outweighed by the benefits of progressing a draft order and commencing the 12-month implementation period now.

## **12. PLANNING IMPLICATIONS**

- 12.1 Following confirmation of any Article 4 Direction, any subsequent applications for the prescribed changes of use will be subject to planning permission. Applications for such permissions will be dealt with in the normal way, having regard to the Development Plan and other relevant material considerations.

## **13. EQUALITIES IMPLICATIONS**

- 13.1 There are not expected to be any direct equality implications as a result of making an Article 4 Direction.

## **14. SOCIAL VALUE IMPLICATIONS**

- 14.1 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 are discussed in Section 13 above.

## **15. HUMAN RESOURCE IMPLICATIONS**

- 15.1 There are no human resource implications arising from the contents of this report.

## **16. APPENDICES**

- 16.1 Appendix A – Maps detailing existing and proposed employment areas to be covered by Article 4 Direction
- 16.2 Appendix B – Draft Article 4 Advert

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01462 474224 [kerry.shorrocks@north-herts.gov.uk](mailto:kerry.shorrocks@north-herts.gov.uk)

**18. BACKGROUND PAPERS**

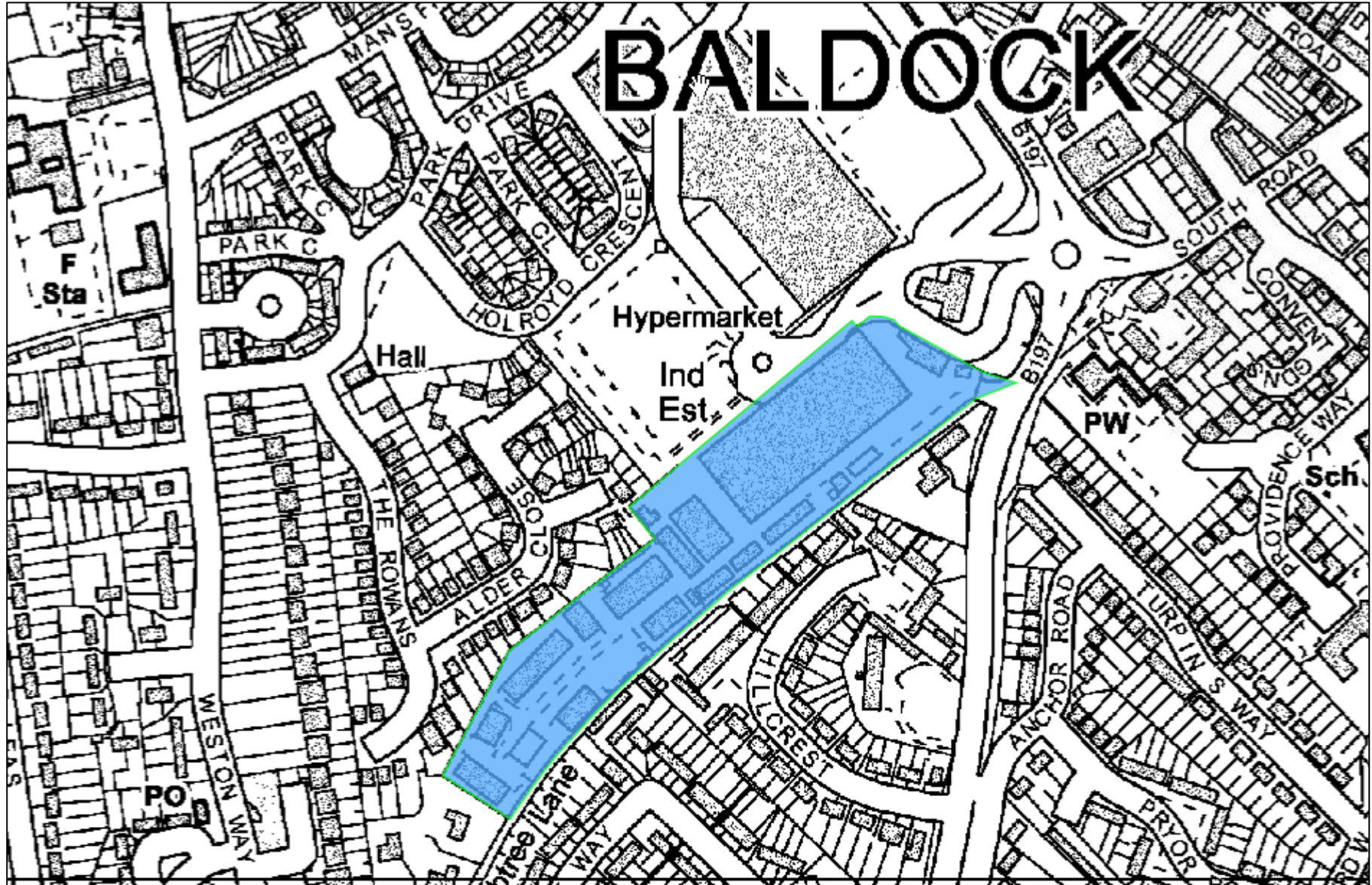
- 18.1 The Town and Country Planning (General Permitted Development) (England) Order 2015
- 18.3 Report to Cabinet of 10 December 2018 regarding the Local Plan Main Modifications
- 18.2 North Hertfordshire Local Plan 2011-2031 (as proposed to be modified)

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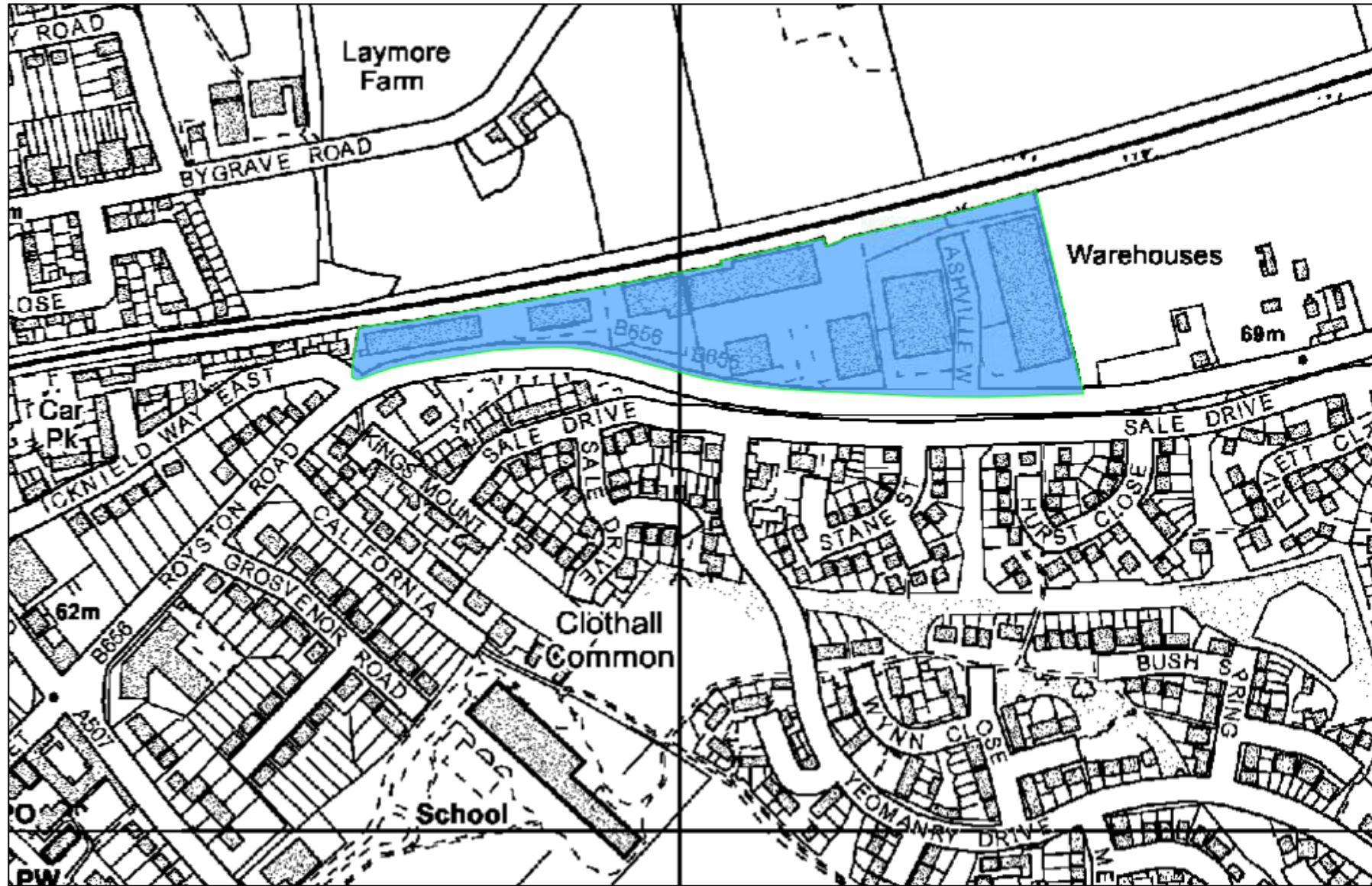


**Appendix A: Areas proposed to be covered by Article 4 Direction**

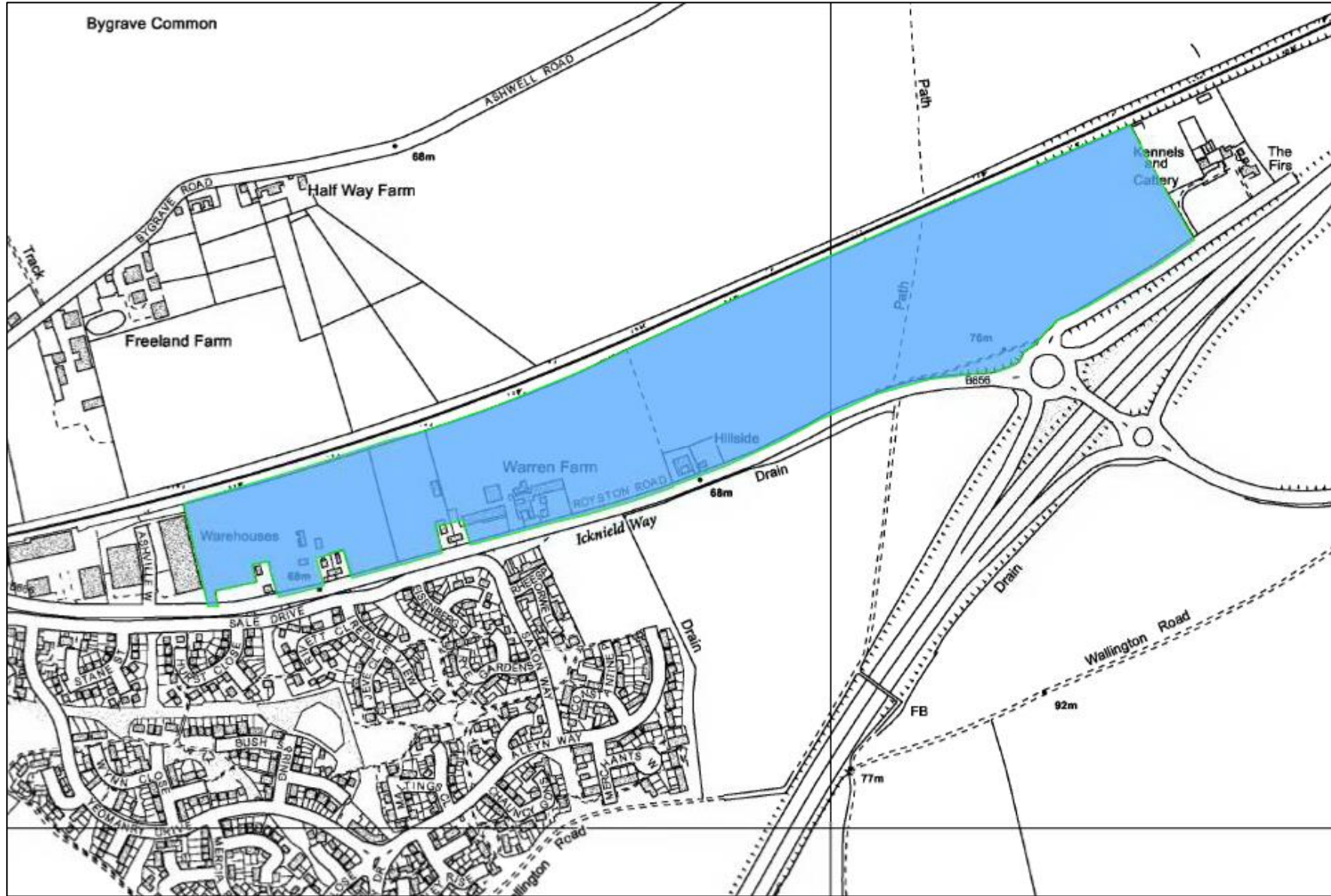
Proposed employment area BE1: Bondor Business Centre, Baldock



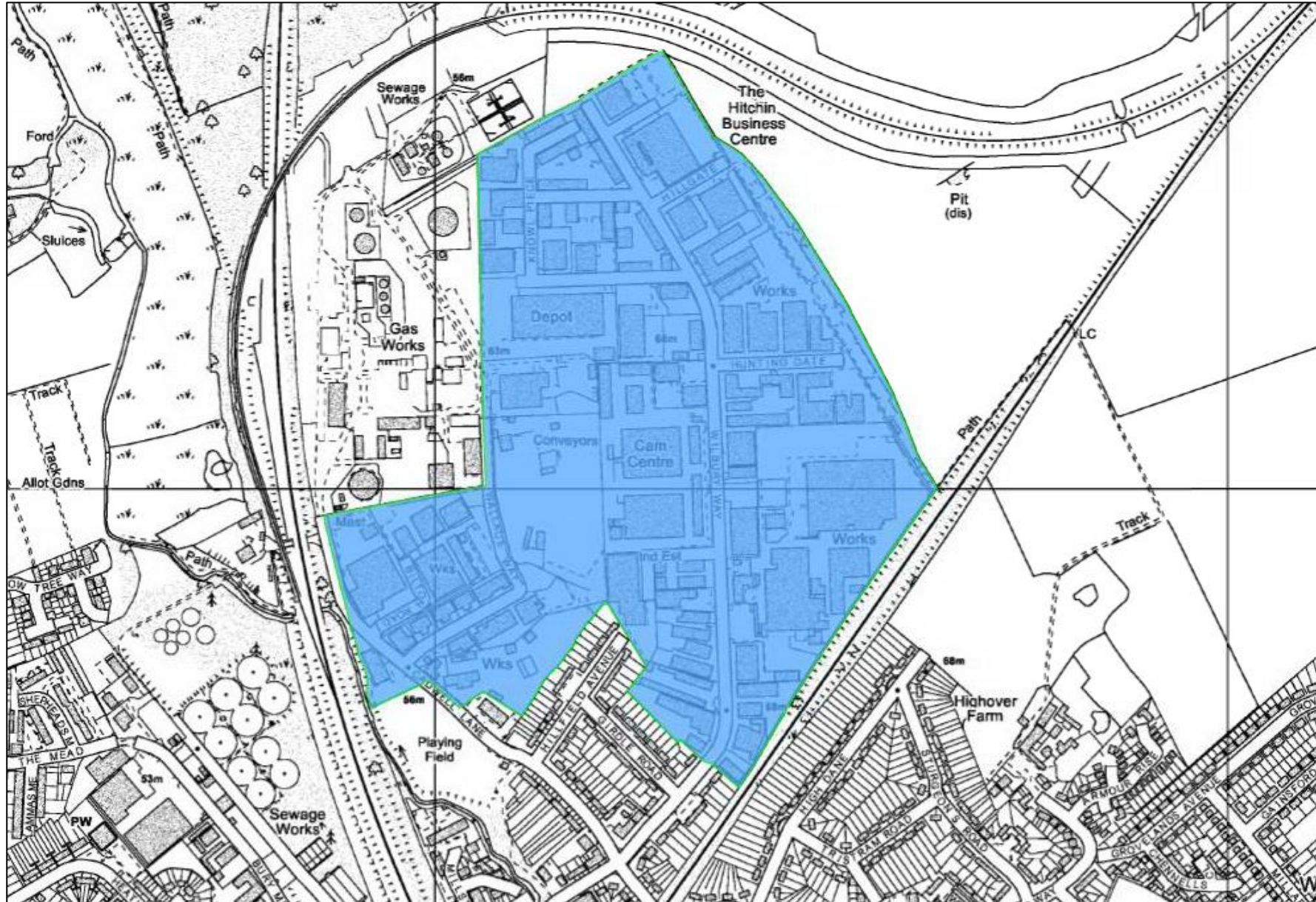
Proposed employment area BE2: Royston Road, Baldock



Proposed employment allocation BA10: Royston Road, Baldock



Proposed employment area HE1: Wilbury Way, Hitchin



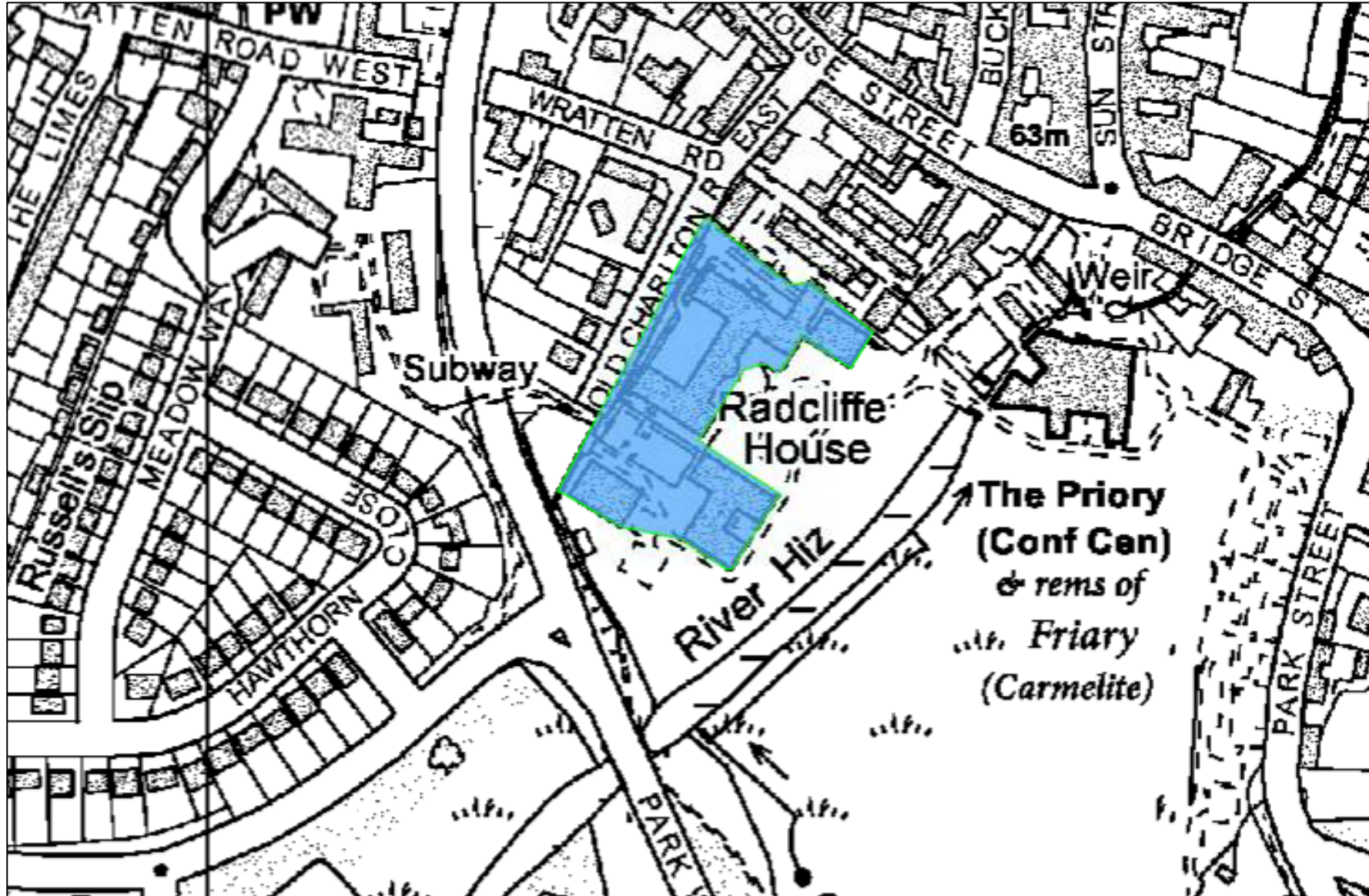
Proposed employment area HE2, Burymead Road, Hitchin



Proposed employment area HE3, Station Approach, Hitchin

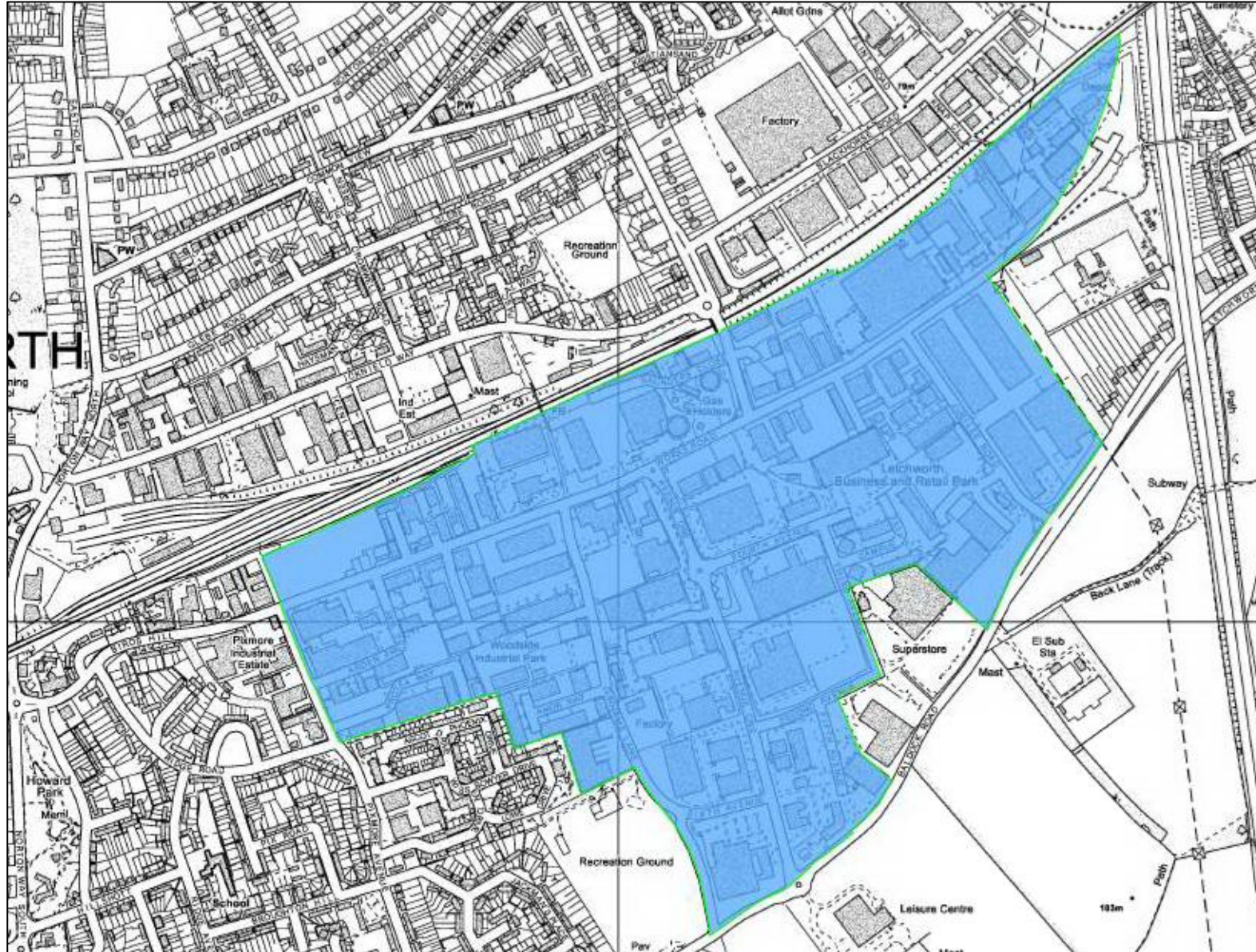


Proposed employment area HE4: Land adjacent to Priory Park, Hitchin

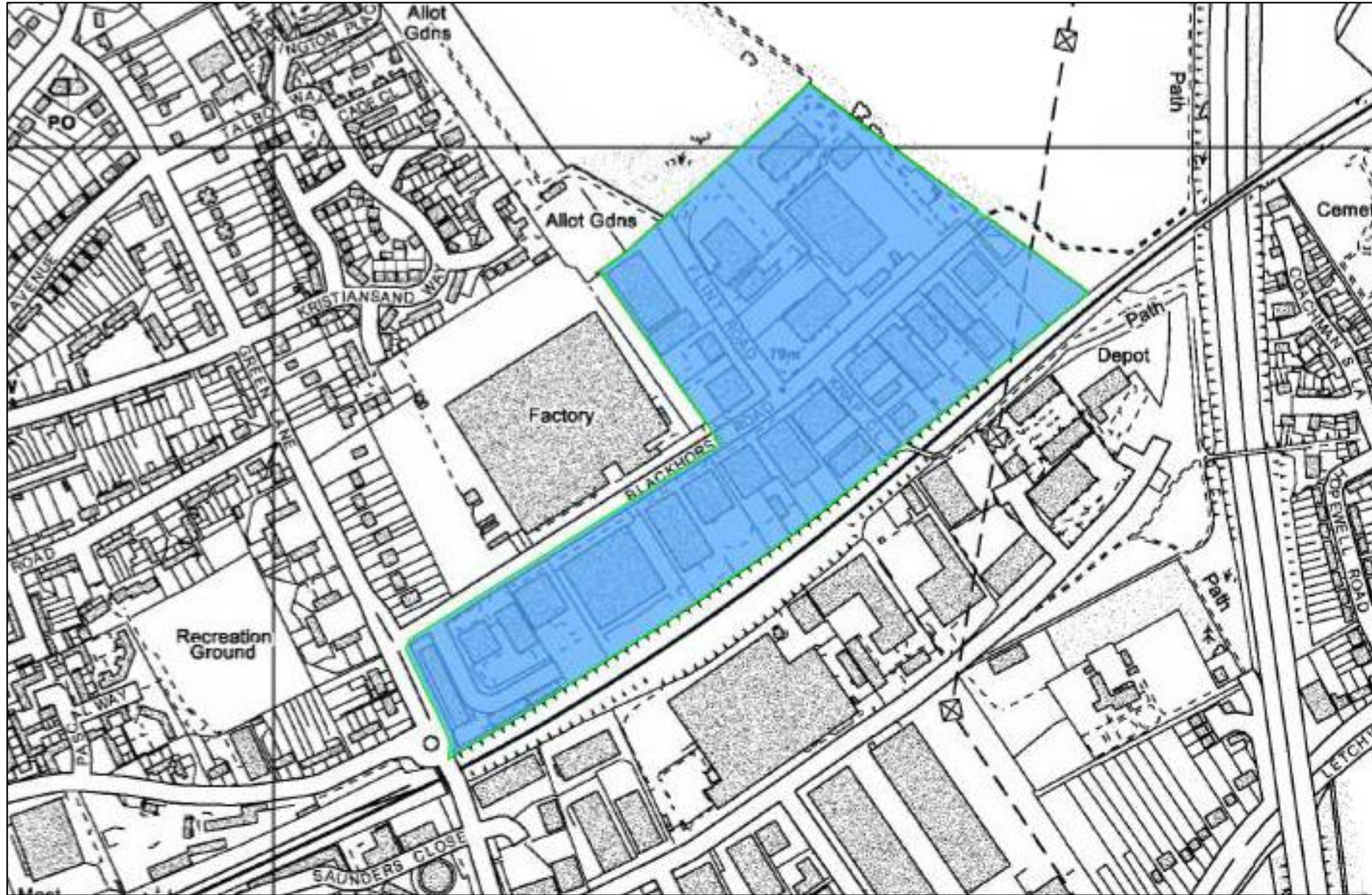




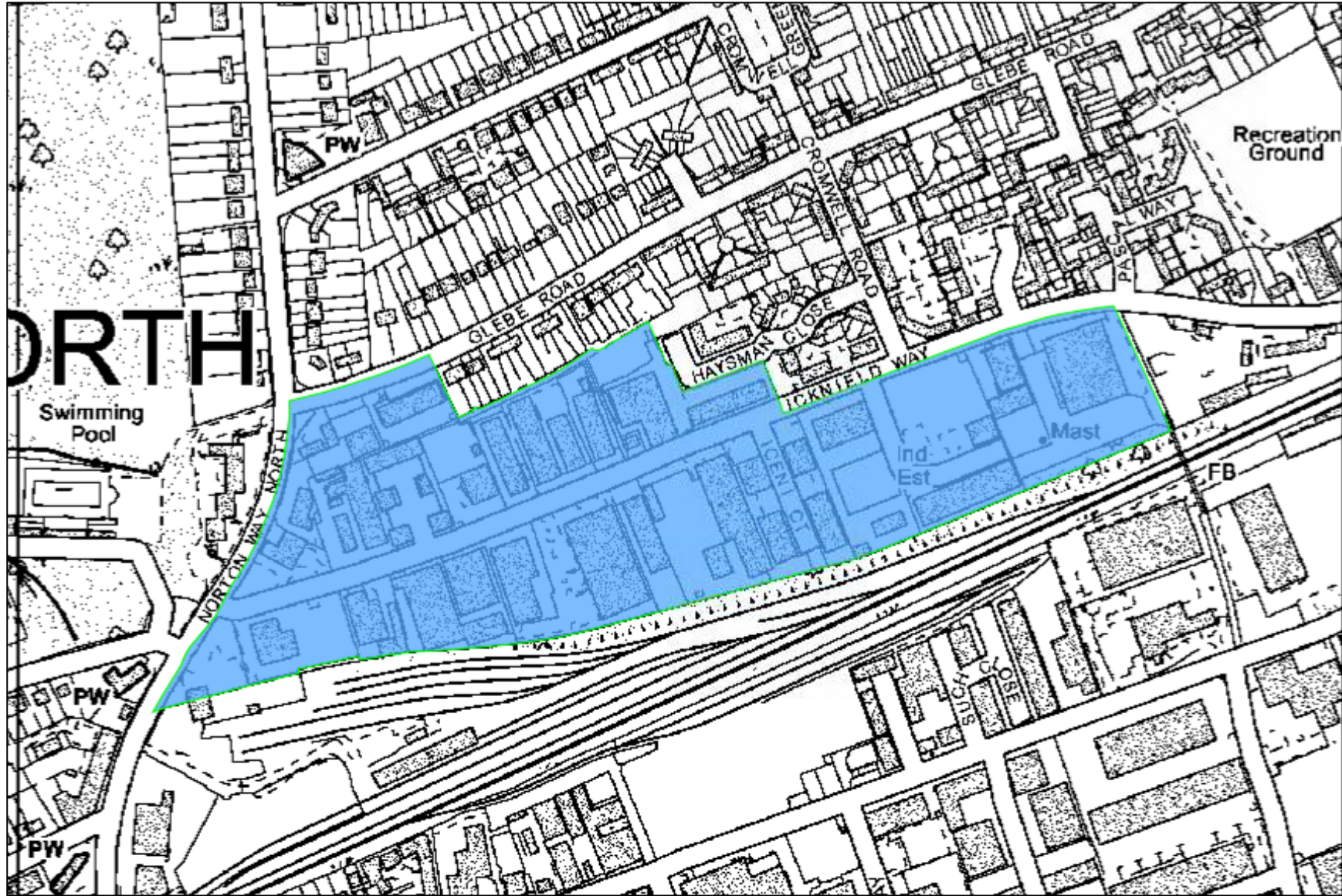
Proposed employment area LE1: Works Road, Letchworth Garden City



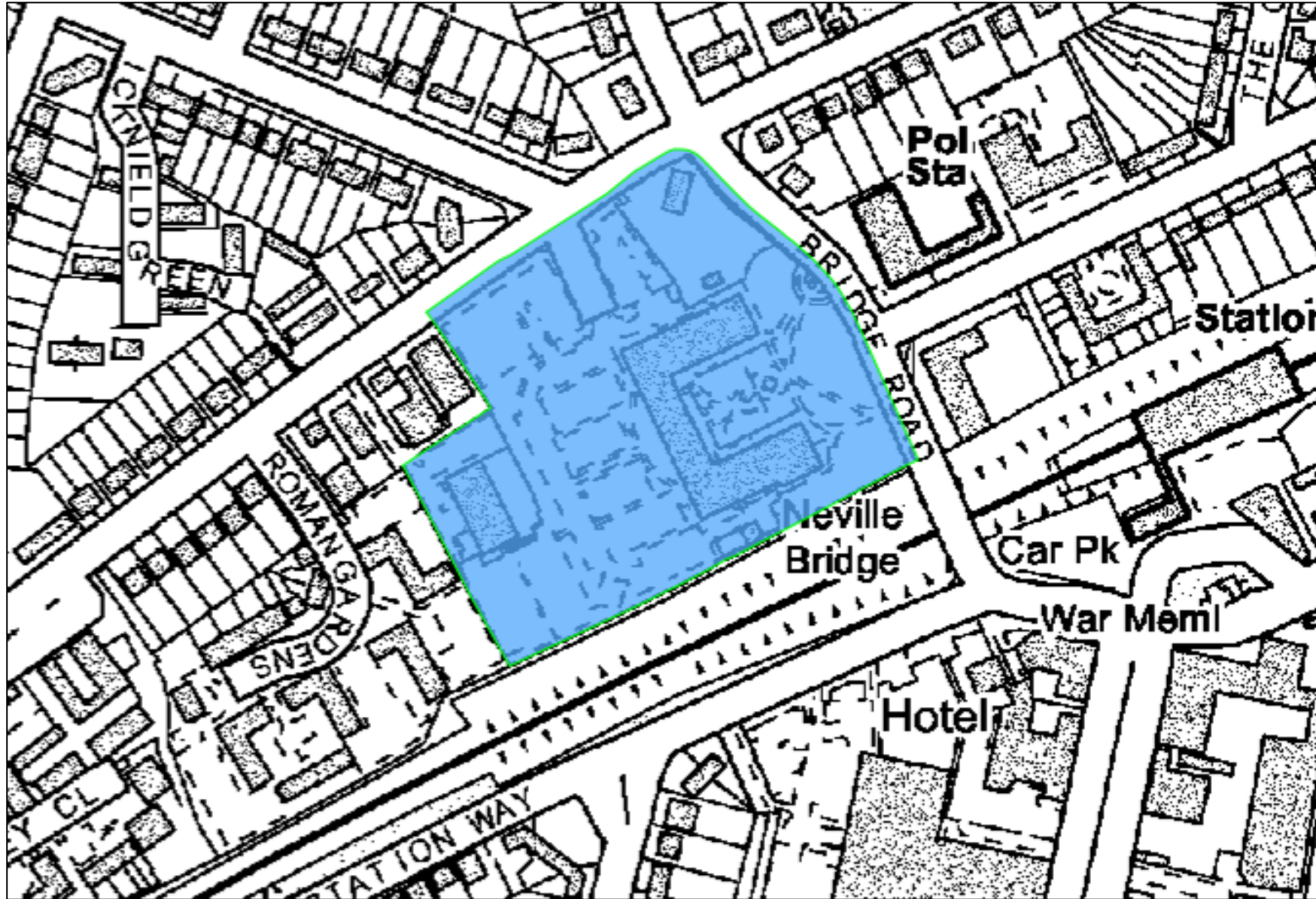
Proposed employment area LE2: Blackhorse Road, Letchworth Garden City



Proposed employment area LE3: Icknield Way, Letchworth Garden City



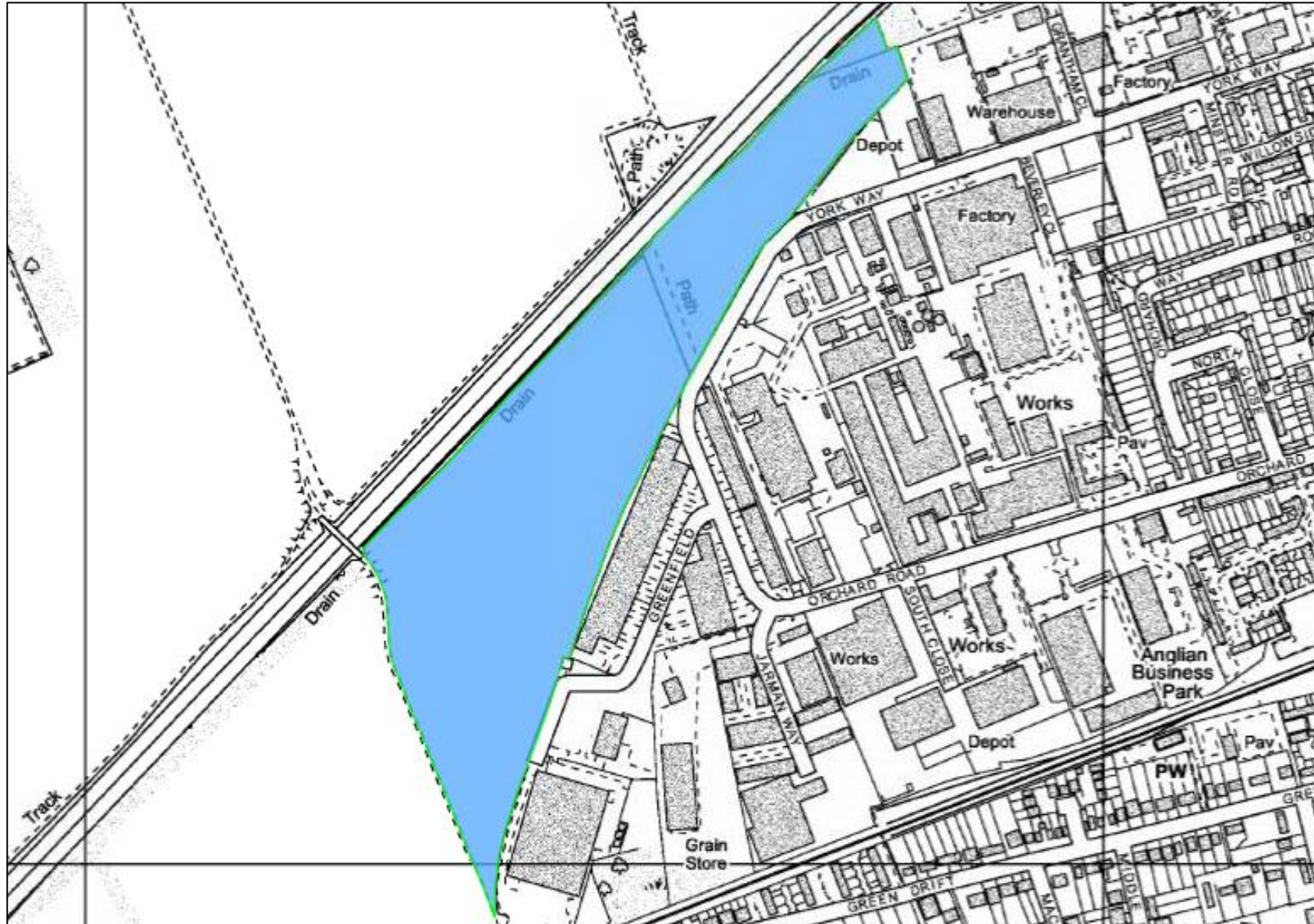
Proposed employment area LE4: Spirella, Letchworth Garden City



Proposed employment area RE1: Orchard Road, Royston



Proposed employment allocation RY9: Land north of York Way, Royston



## Town and Country Planning (General Permitted Development) (Amendment) (England) Order 2015

### Notice of Direction made under Article 4(1) of the Order

Notice is given that North Hertfordshire District Council (NHDC) has made a Direction (“the Direction”) under Article 4(1) of the Town and Country Planning (General Permitted Development) (England) Order 2015, as amended (“the GDPO”).

The Direction was made on <<date>> and concerns development consisting of the following changes:

- The change of use of a building and any land within its curtilage from Class B1(a) (offices excluding those in A2 use) of the Schedule to the Town and Country Planning (Use Classes) Order 1987 as amended (“the Use Classes Order”), to a use falling within Class C3 (dwellinghouses) of that Schedule;
- The change of use of a building and any land within its curtilage from Class B1(c) (light industry) of the Schedule to the Use Classes Order, to a use falling within Class C3 (dwellinghouses) of that Schedule; and / or
- The change of use of a building and any land within its curtilage from Class B8 (storage and distribution) of the Schedule to the Use Classes Order, to a use falling within Class C3 (dwellinghouses) of that Schedule.

The Direction removes the permitted development rights respectively granted under:

- Class O offices to dwellinghouses of Part 3 of Schedule 2 of the GDPO;
- Class P of Part 3 of Schedule 2 of the GDPO; and / or
- Class PA of Part 3 to Schedule 2 of the GDPO

for these types of development from the date when the Direction comes into force.

Areas that are affected by the Article 4 Direction are the Employment Areas and Employment Allocations defined by Policy ETC1 of the (currently emerging) North Hertfordshire Local Plan 2011-2031

A copy of the Direction, including maps defining the areas covered, can be viewed at North Hertfordshire District Council Offices, Gernon Road, Letchworth Garden City, Hertfordshire SG6 3JF or on the Council’s website, <<hyperlink>>.

Representations concerning the Article 4 Direction can be made from <<date>> to <<date>>, via our consultation portal at <<hyperlink>>, by email to <<email>> or by post to <<address>>.

The Article 4 Direction will come into force, subject to consideration of any representations received and confirmation by the Council, on <<date [1 year from making date above]>>.

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**CABINET  
29 JANUARY 2019**

**PUBLIC DOCUMENT**

**TITLE OF REPORT: COMMERCIAL STRATEGY**

REPORT OF : SERVICE DIRECTOR - COMMERCIAL

EXECUTIVE MEMBER : EXECUTIVE MEMBER FOR FINANCE AND IT

COUNCIL PRIORITY : PROSPER AND PROTECT AND RESPONSIVE AND EFFICIENT

**1. EXECUTIVE SUMMARY**

1.1 The purpose of this report is for Cabinet to consider and adopt the proposed North Hertfordshire District Council Commercial Strategy 2019-23, which sets out the strategic direction for the Council's commercial services over the next five years.

**2. RECOMMENDATIONS**

2.1 That Cabinet adopts the North Hertfordshire District Council Commercial Strategy 2019-23.

**3. REASONS FOR RECOMMENDATIONS**

3.1 To ensure there is a clear strategy that identifies how the Council understands commercialisation and what we are doing to embed a commercial culture.

**4. ALTERNATIVE OPTIONS CONSIDERED**

4.1 Not to adopt a strategy, however, it is felt that a strategy will ensure the Council has a focus on what it is trying to achieve and more importantly how.

**5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS**

5.1 The Executive Member for Finance and IT has been consulted and supports the Commercial Strategy.

## **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 20 November 2018

## **7. BACKGROUND**

- 7.1. Since the creation of the Commercial Directorate in June 2018, a new structure for this department has been authorised, comprising of a Commercial Manager, Commercial Officer and three Commercial Support Officers. Two of the Commercial Support Officer roles have been filled and the Manager and Officer roles will be advertised in January 2019.
- 7.2. This is an exciting opportunity for the Council to explore new ways of working and undertake activities previously unavailable to local authorities. Therefore, officers have started to explore potential commercial opportunities, which need to be explored further and detailed business plans will be produced on those that officers feel will provide a good financial return.
- 7.3. This report focuses on the production of the Commercial Strategy which is attached as appendix A.

## **8. COMMERCIAL STRATEGY**

- 8.1. The Commercial Strategy is broken down into four key sections, these are:-

Section 1 : Why we need a Commercial Strategy

Section 2 : What we want to achieve

Section 3 : How we will deliver

Section 4 : How we will measure success

- 8.2. Section 1 of the strategy focuses on the need for a commercial strategy and explores the motivation and need to generate additional income from services that are allowed to charge, and the need to change to a culture that thinks commercially.
- 8.2.1. This section also provides an overview of the Council current financial position, explaining how we have managed to make significant savings in recent years (£6.2m since 2011/12 and a further £2.4m in progress in 2018/19). It also looks at the future saving that are required to improve the Council's financial position and identifies that to enable the Council to be self-sufficient the Council needs to improve its annual revenue net position which is currently estimated between £0.7m and £1.9m by 2022/23.
- 8.3. Section 2 of the strategy focuses on what the Council wants to achieve by having a commercial strategy. The strategy sets out the Commercialisation Vision, which is: -
- “To stimulate innovation, develop existing services and new businesses, whilst developing a commercial culture for the benefit of our community.”

8.3.1. Alongside the vision there are three commercial strategic themes, these are:-

**Culture**

1: Enhancing the Council's commercial culture and capability.

**Business Improvements**

2: Become more business like in our day to day activities.

**Investment**

3: Increasing capital and revenue returns to the Council through investment opportunities.

8.3.2. The details of the strategic themes are covered in the next section. The overarching aim of the strategy is to deliver a greater financial return from commercial activities which then contributes to the Council revenue and capital accounts, with an aim to enable the Council to continue to provide statutory and discretionary services to its residents.

8.3.3. The strategy explains the need to explore internal and external investment opportunities and the need to undertake internal business improvement reviews where it is believed there is an opportunity to benefit the Council's financial position.

8.4. Section 3 of the commercial strategy sets out our approach to delivering each of the strategic themes (Culture, Business Improvements and Investment) throughout the next five years. These activities are based around six principles that must be taken into account:

- To ensure that all ideas are ethical
- To have a positive impact on the community
- When considering geographical scope to prioritise North Hertfordshire first
- To review the potential of expanding current ventures as well as implementing new ventures
- To spread risk through a balanced portfolio of activities and investments
- To initially prioritise ventures where we already have expertise, skills or experience

8.4.1. The first theme is '**Culture**', and provides an overview for the resources that the Council has committed to date. It also focuses on the future and sets out how the Council aims to embed a commercial culture; this includes the introduction of a Commercial Group that will establish strategic leads throughout the organisation. The need to ensure regular communication and the need to communicate at the right level. It also covers the development and implementation of a commercial training programme to reflect the types of skills that are required to ensure all staff and Councillors are better positioned to operate in a commercial council.

8.4.2. The second theme is '**Business Improvements**'. This theme explores how the council has been successful in Value for Money services for many years, and how the current economic climate has driven local authorities to work in a more commercial manner, thereby reducing costs whilst maximising income. It explains how council's have the power to generate income through charging, trading, and investing.

- 8.4.3. This section also focuses on a number of activities that are important to ensure a commercial approach these include; reviewing the trading and income potential of all services, prioritising a business case development programme for commercial projects and obtaining customer insight, market analysis and environmental scanning for business opportunities
- 8.4.4. The third theme is '**Investment**' and focuses on how the council aims to increase capital and revenue returns to the council through investment opportunities. This outlines some specific projects that the council is currently undertaking. The need to have a new property strategy which will aim to improve the councils' financial position and the creation of a holding company and two subsidiary companies (development and lettings) to improve the financial value of our assets.
- 8.4.5. The final part of this section focuses on risk and opportunity management and identifies the need for officers and councillors to be more risk aware, rather than risk averse for a commercial approach to work. It also explains that with all new ventures, there are risks of some ventures failing.
- 8.5. Section 4 looks at how the Council will measure success and focuses on managing our performance, which explains that the Commercial Group will oversee the effective delivery and implementation of the commercial strategy. It also includes a commercial programme which will be updated annually.

## **9. LEGAL IMPLICATIONS**

- 9.1 Cabinet has within its terms of reference to prepare and agree to implement policies and strategies other than those reserved to Council.
- 9.2 There are various legislative provisions that give Local Authorities the power to trade, such as S1 of the Local Authority (Goods and Services) Act 1970, S95 of the Local Government Act 2003 and S1 of the Localism Act 2011 ('the general power of competence'). As part of the assessment of any proposed trading activity pursuant to the commercial strategy the Council will need to ascertain the most appropriate power and comply with any associated requirements.
- 9.3 Under Part 1 of the Local Government Act 2003, Local Authorities are required to adhere to the Prudential Code as issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). Local Authorities are also required to adhere to any statutory guidance issues by the Minister for Housing, Communities and Local Government.

## **10. FINANCIAL IMPLICATIONS**

- 10.1 The General Power of Competence (GPC) contained in section 1 of the Localism Act 2011 allows councils to do anything that individuals generally may do, unless it is precluded by other legislation. This can include the ability to charge for goods and services and therefore generate income. However where the Council is making a profit from an activity it is required to carry out that activity through a trading company. In determining whether the Council is making a profit, it will be necessary to determine the full costs (including a fair allocation of overheads) and income of the service.
- 10.2 In terms of capital investment in commercial opportunities, there has been new guidance issued by the Minister for Housing, Communities and Local Government and also statements from CIPFA as to how this should be interpreted. These changes are a reaction to the significant levels of borrowing that has been undertaken by some Local Authorities for the purposes of property investment. The latest guidance attempts to preclude Local Authorities from borrowing where the primary or main purpose of the investment is for income generation. It is still possible to use capital reserves (whether existing or generated in future) for such investments. This may mean that the Council needs to consider how it allocates future funding. Given that there is a limit to the availability of future assets for generating capital receipts, this will limit the number and size of commercial projects that can be undertaken. It will therefore be necessary to prioritise the opportunities that come forward.
- 10.3 The financial risks and potential returns associated with ventures would be highlighted when a proposal is put forward. If this requires capital funding, then even though capital reserves will be used, their use will increase the need to borrow to fund the existing capital programme. Therefore the returns from the commercial venture will need to at least cover the equivalent cost of the overall borrowing requirement. Costs of borrowing are made up of interest payments and setting aside a Minimum Revenue Provision.

## **11. RISK IMPLICATIONS**

- 11.1 Risk implications have been covered in the body of the report.
- 11.2 There is a Corporate Risk entitled "Income Generation", which assesses the risks associated with the Council adopting a more commercial approach to service delivery, whilst focusing on the many opportunities and positive benefits it could achieve by delivering the aims and objectives of the Commercial Strategy.

## **12. EQUALITIES IMPLICATIONS**

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

12.2 The strategy states that all proposed ideas will be of an ethical nature and will be considered to have a positive impact on the community as a basis for consideration. In line with the council's commitment to demonstrate due regard the Equality Duty, it will conduct equality impact assessments that require them (i.e. any key decisions, major budget implications and any revisions to major service provisions).

**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 resources implications for this report.

**15. APPENDICES**

15.1 Appendix A - Commercial Strategy

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**18. BACKGROUND PAPERS**

None



# Commercial Strategy 2019-2023

## North Hertfordshire District Council

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# Contents

- Introduction.....3**
- Section 1: Why we need a Commercial Strategy .....5**
  - Why have a Commercial Strategy? .....5
  - Commercialisation in Context .....6
  - Commercial Strategy Drivers .....6
  - Links to other North Hertfordshire District Council strategies and policies .....6
  - Financial Position .....7
- Section 2: What we want to achieve .....8**
  - Commercialisation Vision .....8
  - Our Strategic Themes .....8
  - Aims and Objectives.....8
  - Benefits of taking a commercial approach .....9
- Section 3: How we will deliver .....10**
  - Our approach and resources .....10
  - Resources .....10
  - Theme 1 - Culture.....11
  - Theme 2 – Business Improvements .....13
  - Theme 3 – Investments .....15
  - Risk and Opportunities Management.....16
- Section 4: How we will measure success.....17**
  - Managing our performance.....17
  - Commercial Strategy Programme 2019 - 2023.....18



# Introduction

The creation of a new service area in June 2018 specifically focused on investigating commercial opportunities for North Hertfordshire District Council is an exciting opportunity to explore new ways of working and undertake activities previously unavailable to the local authority. Successfully being more commercial will better position the Council to protect frontline services for our community.

In recent years the Council has been very successful in improving our financial position by undertaking good procurement exercises, investing in capital to reduce revenue costs and providing services to other Councils. While not under the formal umbrella of 'Commercialisation' the examples below show how the Council has already been working in a more commercially-minded way:

- Waste contract, with a joint procurement leading to a £2m saving
- Capital investments in leisure centres, reducing the cost of providing leisure by £1.7m
- Providing legal and IT support to other councils

This commercial strategy is required to address the financial challenges currently facing the public sector, which are unlikely to change in the near future. Therefore, it is important that the Council reviews the way it performs its statutory and discretionary functions by investigating and implementing new ways of working to improve the Council's financial position.

This strategy is intended to provide a consistent approach and guidance for Officers and Councillors to work within.

To ensure the Council is successful in this approach there are three key elements – **Structure, Strategy and Culture** – and we need to embed all three in order to give the best chance of succeeding.

The Commercial Strategy outlines:

Section 1: Why we need a Commercial Strategy

Section 2: What we want to achieve

Section 3: How we will deliver the plan

Section 4: How we will measure success

The Commercial Strategy will be supported by an annual delivery plan detailing the specific work programmes and projects that will help achieve our commercial ambitions. A Commercial Group will oversee the annual delivery plan and each Service Director will contribute to this.

# Foreword

Commercialisation in local authorities has been a buzzword now for several years. As Councils have faced mounting financial challenges and are having to move towards being self-sufficient, being more 'commercial' has become increasingly important. Here at North Hertfordshire District Council, we have chosen to wholeheartedly embrace commercialisation, creating a new commercial team to drive forward our strategic approach, ensuring we maximise the benefits of commercialisation for the community. Alongside this, we will ensure that the benefits of commercial investments and opportunities are carefully weighed up against the risks, carrying out adequate due diligence and governance of projects.



Commercial projects cannot be viewed in isolation, we must take a commercial and business-like approach across all of our services if we are to ultimately thrive as an organisation. That is why embedding a commercial culture is so critical; upskilling all of our officers and ensuring they are engaged with our commercial objectives.

As well as being even more business like in our day to day activities, our approach will involve exploring internal and investment opportunities, delivering a new Property strategy and actively seeking new business opportunities that will deliver a financial return to benefit the district as a whole. While there is also some risk associated with commercial projects, the risk of doing nothing is far greater and why we must embrace a commercial approach with passion, drive and a commitment to succeed.

Cllr Julian Cunningham, NHDC's Executive Member for Finance

# Section 1: Why we need a Commercial Strategy

## Why have a Commercial Strategy?

The Council recognises it has to take more control of its own destiny and become a more commercially focused and a financially sustainable council. This involves embracing a more commercial culture in terms of how we think and act to ensure our services are provided as efficiently and effectively as possible with an aim to balance the Council's finances. The strategy is required in order to provide focus for the commercial activities.

This Commercial Strategy is required to address the financial challenges currently facing the public sector, which are unlikely to change in the near future. It is important that the Council reviews the way it performs its statutory and discretionary functions by investigating and implementing new ways of working to generate income which will improve the Council's financial position and help subsidise those discretionary services. However, that involves taking some risks, identifying the right opportunities and understanding some investments/projects will fail.

The Council recognises the need for a focus on commercial activities, as demonstrated by the senior management restructure and the introduction of the Service Director for Commercial, who has formed a new structure to assist the Council in delivering this strategy. This new structure will ensure teams across the Council are supported in the development and implementation of ideas/projects within their service areas. However, it is recognised that the role of the Commercial team is to support, rather than lead, these activities as the long term delivery will stay with the service area. There will be projects that remain in the commercial team, as this service will be exploring and implementing new ventures that have a commercial focus and will therefore remain with this service.

The purpose of this strategy is to:

- Ensure a consistent approach
- Provide political commitment and support
- Guide staff in bringing forward ideas
- Guide how to explore and fully research potential ideas
- Set out how to implement agreed ideas
- Communicate to the public what we are doing

## Commercialisation in Context

The Council has faced financial challenges over a number of years and has delivered significant savings (£6.2m since 2011/12 and a further £2.4m in progress in 2018/19). Although the savings achieved have helped the Council deal with the cuts to its funding, to enable the Council to be self-sufficient the Council needs to improve its annual revenue net position which is currently estimated between £0.7m and £1.9m by 2022/23.

The Council has been undertaking commercial activity in different forms for many years. Examples of this include, but are not limited to, trade waste, commercial property, Careline, selling services to other authorities, and leisure contracts bringing in revenue to the Council.

However, the introduction of the General Power of Competence (GPC) contained in the Localism Act 2011, allows councils to be more commercial and explore and undertake activities that historically they have not done. The GPC states that:

“A Local Authority has power to do anything that individuals generally may do” as long as it is not prohibited by other legislation.

This, therefore, gives councils the opportunity to be more commercial and explore a range of different business ventures which could help the Council deliver new services to the community whilst also improving its current financial position so it is better placed to face future financial pressures.

## Commercial Strategy Drivers

The following key drivers have informed the development of this strategy:

- Our financial position is forcing us to look more commercially at how we deliver our services
- The Council has an ambition to be more commercial in order to reduce the reliance on central government funding

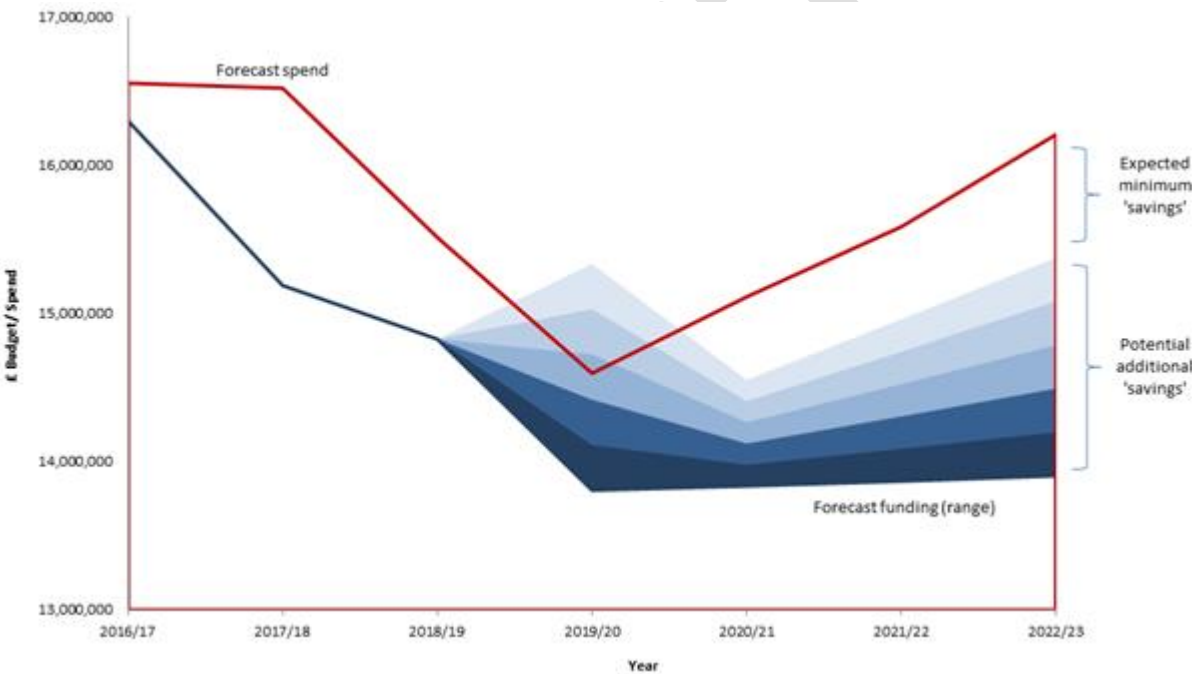
## Links to other North Hertfordshire District Council strategies and policies

In devising the Commercial Strategy we have been mindful of the need for it to align with and complement other key documents that contribute towards the overall success of North Hertfordshire District Council. In particular, this strategy has been aligned to:

- North Hertfordshire District Council Corporate Plan 2017/21;
- Medium Term Financial Strategy 2016/21;
- Service Delivery Plan
- Risk and Opportunities Management Strategy 2017/20
- Investment Strategy 2019/20

## Financial Position

The Medium Term Financial Strategy (MTFS) details the challenges that North Hertfordshire District Council faces over the coming years and sets ambitious targets for the reduction in the net running costs of the Council. This Commercial Strategy will make a contribution to 'closing the funding gap' and is integral to delivering the overarching budget strategy. The graph below shows that the future funding of the Council is fairly unknown as it is dependent on changes to New Homes Bonus, a Fair Funding review and changes to Business Rate funding. The current MTFS is forecasting the need to make annual savings of £0.7m (6% of NHDC annual budget) by 2022/23. However this could be a lot higher if the New Homes Bonus is removed as a funding source, alongside a reduction in the funding that the Fair Funding review assumes that the Council needs. The savings requirement could then be at least £1.9m (13% of NHDC annual budget).



In the past, the Council has had significant capital reserves, which have allowed it to invest in its assets to maintain and improve service delivery, alongside initiatives to generate income and reduce costs. The majority of Council expenditure has been funded by the income received from the housing stock transfer, as well as receipts from the sale of Council assets (e.g. surplus land). Therefore, the stock transfer funding has mostly been exhausted, and most of the high value surplus land has also been sold. This means that (like most other councils) the Council will need to start borrowing to fund capital expenditure, for maintaining and replacing assets as well as any capital investments. Therefore, all business cases will need to calculate the potential investment using this approach.

# Section 2: What we want to achieve

## Commercialisation Vision

**“To stimulate innovation, develop existing services and new businesses, whilst developing a commercial culture for the benefit of our community.”**

### Our Strategic Themes

To achieve our commercial ambitions the Council will focus initially on the following strategic themes:

#### Culture

1: Enhancing the Council’s commercial culture and capability.

#### Business Improvements

2: Become more business like in our day to day activities.

#### Investment

3: Increasing capital and revenue returns to the Council through investment opportunities.

### Aims and Objectives

The overarching aim of the strategy is to create the environment that allows that Council to deliver a greater financial return from commercial activities which then contributes to the Council revenue and capital accounts.

We will explore internal and external investment opportunities and will undertake internal business improvement reviews where it is believed there is an opportunity to benefit the Council’s financial position.

A detailed work programme will be developed through the service delivery planning processes, and will be updated annually.

The initial objectives will be to:

- Deliver a financial return to the Council to help contribute towards statutory services or to invest in new projects
- Where possible, to assist discretionary services to achieve a break-even financial position, in order to reduce the risk of closure for these services and to assist the Council in generating additional income
- Actively seek new business opportunities that will provide a financial return to the Council
- Deliver services to new and existing customers from both within the local authority environment and beyond, particularly where we are uniquely placed to do so

## Benefits of taking a commercial approach

Taking the approach outlined within this strategy will offer a number of key benefits, including but not limited to:

- Providing a real, tangible opportunity to make a contribution to the Council's financial position
- Developing staff to provide new skills which can be applied to other work
- Helping to provide a competitive advantage in key markets
- Transforming the organisation into an innovative workplace
- Bringing benefits to the local economy
- Ensuring the sustainability of discretionary services

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# Section 3: How we will deliver

## Our approach and resources

### Our Commercial Approach

This section sets out our approach to delivering each of the strategic themes (Culture, Business Improvements and Investment) throughout the next five years. These activities are based around six principles that must be taken into account:

- To ensure that all ideas are ethical
- To have a positive impact on the community
- When considering geographical scope to prioritise North Hertfordshire first
- To review the potential of expanding current ventures as well as implementing new ventures
- To spread risk through a balanced portfolio of activities and investments
- To initially prioritise ventures where we already have expertise, skills or experience

### Resources

The Council recognises the need to invest in both staff and systems/processes to deliver improved financial returns. The senior management restructure has funded the creation of the Service Director – Commercial, who has formed a new structure to assist the Council in delivering this strategy.

The Council is in the process of setting up a company, to enable this to happen officers will have to be appointed as directors of the company and any further companies, therefore it is important that those officers are trained appropriately and understand what is required to be a director of a company.

The five year delivery programme that will underpin the Commercial Strategy acknowledges that with start up costs and lead in time before income is generated, it is likely that there will be relatively modest financial returns in the early years. As with many new businesses, as confidence in our ability, capacity and capability develop, it is anticipated that the financial returns will grow. The Council's commercial approach is not a 'quick fix' solution to a challenging financial position. It is a medium to long-term programme that should deliver lasting financial and social benefits for the district, throughout and beyond the next decade.

The commercialisation approach is open to all Council services (or elements of services), therefore it is important that all directorates continue to investigate ways of improving their services and explore ways of introducing commercial opportunities to improve them financially.



## Theme 1 - Culture

### **Enhancing the council's commercial culture and capability**

#### **Background Context**

In order to embed commercialisation within the Council, a Commercial Group will be formed which will establish strategic leads throughout the organisation. They will help to bring a co-ordinated approach to driving a stronger commercial focus across the organisation.

The Council will develop and implement a commercial skills training programme to develop the types of skills that are required to ensure all staff and Councillors are better positioned to operate in a more commercially minded council.

The Council is at the beginning of our commercial journey and more needs to be done to truly embed a commercial culture. We are also aware that we can learn from others. We highly value the opportunity to be involved with, and gain additional knowledge and support from, other public, private and voluntary sector organisations.

#### **Specific Activities**

To strengthen its commercial culture and capability, the Council will implement the following initiatives:

##### **1.1 Developing a communications and engagement plan to involve all staff and Councillors in the Council's commercial approach**

Conversations between staff and Councillors have highlighted the interest, need and desire to support the Council's commercial ambitions. The success of the commercial plan will require a team effort, with everyone playing their part.

It is important to create a range of ways for people to engage with us and find out more about the Council's commercial work. These will include regular updates through existing communication channels such as staff briefings, Insight features and notice boards. In addition, informal opportunities such as coffee mornings, suggestion boxes and 'commercial thinking' workshops will be promoted to encourage new ideas.

Working with the Communications team, regular updates will be delivered to keep staff and Councillors informed of our progress with projects.

##### **1.2 Establishing a development programme for staff and Councillors that underpins the Council's commercial ambitions**

The Council will continue to invest in both staff and Councillor development to help strengthen our commercial approach. The Commercial Group and Senior Management Team will ensure that the learning and development programme for staff and Councillors introduces a new commercial learning programme. Staff Regular Performance Reviews will highlight any commercial training needs, which would be identified and logged by the Learning & Development team. The Council is open to

learning from others through professional networks and events, whilst ensuring that any financial outlay is fully justified.

Additionally, the Council will explore the possibility of developing a peer review group with other local authorities to share best practice.

### **1.3 Ensuring that the Council's commercial activities are resourced appropriately**

Business cases will need to be developed for all commercial projects and will need to detail whole-life costings, including staffing costs for developing and implementing the initiative. The Commercial Group will have responsibility for prioritising resources in line with the service delivery plan. If any specialist or temporary resources are required outside of budgeted costs, these will require approval in line with existing governance arrangements and financial standing orders.

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## Theme 2 – Business Improvements

### **Become more business like in our day to day activities**

#### **Background Context**

Councils have been required to provide Value for Money (VFM) services for many years. The current economic climate has driven local authorities to work in a more commercial manner, thereby reducing costs whilst maximising income.

Although North Hertfordshire District Council remains committed to funding high quality service delivery, we need to reduce the cost of providing services. This can be achieved in a number of different ways, for example outsourcing, working with partners or charging for services. However, to ensure that we can continue to provide high quality services, there needs to be a greater focus on generating income to help the Council reduce its funding gap.

The Council has the power to generate income through charging, trading, and investing – unless there is specific legislation or case law that prevents us from doing so. For example, local authorities are able to provide services to other public bodies for a fee. However, in many circumstances it is a legal requirement that trading takes place through a Local Authority Trading Company and authorities must assess whether or not this is necessary on a case by case basis. Councils can use their powers to trade or charge to:

- Address market failure
- Provide new discretionary services if there is a market need
- Recover costs for the delivery of discretionary services

The Council's approach to investment is governed by its Investment Strategy, which must also comply with legislation and financial regulations.

#### **Specific Activities**

To support its commercial approach the Council will implement the following activities:

##### **2.1 Reviewing the trading and income potential of all services**

The Council will review each service area's trading and income potential with an aim to provide a commercial development programme. The trading and income potential of services will be assessed using the following criteria:

- Opportunity to maximise contributions to overheads
- Scale of potential contribution versus required investment
- Current capability and commercial approach
- Current service performance
- Current and future market potential
- Corporate Plan priorities to meet district needs
- Any unique skills or market advantage within the service

## **2.2 Prioritising a business case development programme for commercial projects**

A business case development programme for commercial projects will be established and overseen by the Council's Commercial Group. This will ensure that ideas and projects can be scoped, developed and implemented throughout the duration of the Commercial Strategy (2019-2023), with the primary intention of generating sustainable revenue income.

To ensure that all new initiatives are fully explored and robustly challenged the following process must be followed:

- Early Concept (completed Project Initiation Document)
- Outline Business Case
- Detailed Business Case
- Project Implementation and Delivery
- Lessons Learnt
- Benefits Realisation

## **2.3 Obtaining customer insight, market analysis and environmental scanning for business opportunities**

In order to successfully identify commercial opportunities the Council will need to have a good understanding of customer needs and market potential. This will involve keeping up-to-date with national and local policy developments and legislative changes that could impact on commercial opportunities.

The Commercial Manager will be responsible for monitoring the commercial landscape to explore new business opportunities.

The Council's Commercial Support team will assist both the Commercial Group and individual services by providing research and analysis of customer and market trends.

## **2.4 Developing alternative service delivery models as appropriate**

The Council has already developed alternative ways of providing its services. This includes shared services (such as Shared Internal Audit Service, Building Control, and the joint waste contract with East Herts District Council), partnership models (such as the Hertfordshire CCTV Partnership) and contracting out services (such as leisure services or grounds maintenance).

The Council will consider the most appropriate model for service delivery on a case-by-case basis taking into account legal and financial implications. In addition, capability and capacity will also be considered when judging the most effective delivery model. In most circumstances, the recommended model will be that which optimises quality of service, income generation and the Council's values.

## Theme 3 – Investments

### **Increasing capital and revenue returns to the Council through investment opportunities**

#### **Background Context**

The Council has undertaken a programme of using capital receipts to reduce revenue costs, for example with its leisure facilities and the refurbished District Council Offices. This approach needs to continue to assist the Council's financial position.

The Council has currently committed £3m for further investment into land and property developments and has identified a number of property investment opportunities that are currently being investigated. If successful these will provide an opportunity to increase the Council's revenue through capital investments.

The Council understands the need to explore investment opportunities other than just property. Therefore it is important that a holding company is formed which enables the subsequent formation of subsidiary companies that are able to undertake different activities.

Although the Council has previously used its own money to undertake capital improvements, it recognises there may be a need to borrow money in the future as the Council might not always have capital money available. All business cases will therefore be formulated on the assumption that the Council will borrow the funds required to invest.

#### **Specific Activities**

The Council will undertake the following activities to support its investment in housing and economic growth for increased capital and revenue returns:

#### **3.1 Developing and delivering a new Property Strategy to add value to and diversify the Council's property portfolio**

The Council has undertaken a review of its existing land and property assets to identify those with the greatest potential for delivering on capital value and/or revenue income. As a result, the first development project is underway (Harkness Court) with a number of other schemes in the pipeline.

The Council's Estates department and Commercial Team will be responsible for the implementation and continued development of a land and property asset programme. This will enhance business case development for new projects, identifying any short and long term investment opportunities.

In recognition of the fact that the Council is moving from a position where it has held some assets long term (the current commercial property portfolio generates a steady income of approximately £1m per year) and sold other assets for capital receipts, to a position where it will look for investment opportunities, a new Property Strategy will be developed.

### **3.2 Establishing a property company**

The Council has identified a number of property investment opportunities that are currently being investigated. To enable the Council to maximise these opportunities a number of companies need to be set up, there will be a holding company and two subsidiary companies (property development and letting company).

Once established the Council will need to determine who is best placed to refurbish or build the properties, either the Council or the development company. The lettings company is needed for the Council to transfer assets to, which can then let at a commercial rate. The aim of this will be to improve the financial value of our assets and provide a financial improvement to the Council's revenue position.

### **3.3 Investigating new business investments/opportunities**

The Council will investigate new commercial investments and business opportunities by monitoring the market and seeing if there are any unexplored opportunities that the Council can pursue. The Council will also work with our partners to explore new business opportunities to improve the financial position of the Council. A robust process from project initiation to completion will be followed in line with paragraph 2.2 above.

## **Risk and Opportunities Management**

There is increased risk in adopting a more commercial approach, which means the Council (both Officers and Councillors) will need to be more risk aware, rather than risk averse.

An informed view of potential risks will need to be taken for each commercial project and a decision made on the extent to which risks are to be tolerated, mitigated or avoided altogether.

With all new ventures, there is a risk that some will fail. If a business is performing badly and there are concerns that it can not be turned around, the company directors will need to act responsibly and wind up the business. Therefore, it is important that all company directors are familiar with the Companies Act 2006 and comply with it.

The risk of doing nothing, however, is greater than that of trying to pursue a 'Commercial Council'. As set out in the financial section of this document, if we do not improve our financial position we will have to review the provision of discretionary services, which will have a significant impact on our residents. Therefore, it is felt this approach gives the Council a better opportunity to be able to continue providing discretionary services.

The Commercial Group will maintain a strategic and project-level risk register that will be regularly reviewed by Finance, Audit and Risk Committee.

# Section 4: How we will measure success

## Managing our performance

The Commercial Group will oversee the effective delivery and implementation of the commercial strategy.

The commercial strategy will be supported by an annual delivery plan, identifying the commercial initiatives that are to be developed and implemented within each financial year. The delivery plan is expected to be confidential due to the commercially sensitive nature of many of the initiatives.

Commercial projects and activities will also be reflected in relevant service business plans with progress reported through the Council's existing progress and delivery frameworks.

Measuring the success of commercialism within the Council is not as straightforward as recording additional income, as for many statutory services fees are set centrally or they are legally required to be breakeven. We also need to capture and report on how the Council is embracing commercialism in its day to day activities, whether through reducing costs, offering additional services or staff attitudes.

## Commercial Strategy Programme 2019 - 2023

Activity	Description	Lead Officer	Target Completion Date
Commercialisation launch	Ensure all systems and procedures are in place for staff to propose new ideas. Establish a framework and campaign for development of new proposals in order to create a shortlist of new opportunities. Establish Commercial Group	Service Director – Commercial	April 2019
Selling our services	Identify services that are currently trading or could trade and meet with them to explore new opportunities and or improve their performance.	Commercial Manager	March 2021
Commercial Awareness Training	Investigate training options and pricing. Create training programme Implement training	Commercial Manager	November 2019
Holding Company	Set up a trading company and subsidiary companies as agreed by Cabinet (March 2018).	Service Director – Commercial	March 2019



Harkness Court	Undertake works at Harkness Court, in line with planning application approval, and rent out or sell.	Senior Estates Surveyor	Autumn 2019
Property Strategy	Produce an Asset Management Strategy that includes the opportunity to acquire land and property.	Senior Estates Surveyor	March 2020

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**CABINET  
29 JANUARY 2019**

**PUBLIC DOCUMENT**

**TITLE OF REPORT: NHDC PARKING STRATEGY 2019-2031 AND STRATEGIC ACTION PLAN**

REPORT OF THE SERVICE DIRECTOR - REGULATORY

EXECUTIVE MEMBER FOR PLANNING, ENTERPRISE & TRANSPORT: COUNCILLOR DAVID LEVETT

**1. EXECUTIVE SUMMARY**

- 1.1 The Council embarked on a full review of its current Parking Strategy (NHDC Parking Strategy 2009 – 2019), in 2017, following a review of the Council's off-street car park tariff structure.
- 1.2 Consultants were commissioned to review the current strategy focusing on wider parking provision and management issues across the district, taking into consideration technological changes, comments received from various consultation sessions and making recommendations on how the Council may wish to consider taking various initiatives forward as part of a revised parking strategy.
- 1.3 This report seeks approval of the Council's Parking Strategy 2019 - 2031, as well as agreement of the associated Strategic Action Plan attached at Appendix A and B respectively.

**2. RECOMMENDATIONS**

- 2.1 That Cabinet adopt the North Hertfordshire District Council Parking Strategy 2019-2031 attached at Appendix A.
- 2.2 That Cabinet agree the Strategic Action Plan attached at Appendix B.

- 2.3 That Cabinet note the summary of comments on the draft Strategy and officer responses attached at Appendix C.
- 2.4 That Cabinet recommends that delegated authority is given to the Service Director - Regulatory to approve minor amendments and format changes to the NHDC Parking Strategy and to agree updates to its associated Strategic Action Plan as required in consultation with the Executive Member for Planning, Enterprise and Transport.
- 2.5 That officers proceed with the work associated with the key projects listed in the Strategic Action Plan including the preparation of the NHDC Operational Guidelines and the more detailed town-wide action plans to be agreed and prioritised with the Area Committees.
- 2.6 That Cabinet recommends that delegated authority is given to the Service Director - Regulatory to review and agree updates/amendments to the NHDC Parking Operational Guidelines as required in consultation with the Executive Member for Planning, Enterprise and Transport.

### **3. REASONS FOR RECOMMENDATIONS**

- 3.1 The revised Parking Strategy will provide the necessary policy framework for managing parking across the District in a most cost efficient way that accords with the Council's Corporate Objectives and its Medium Term Financial Strategy. The Strategic Action Plan identifies a number of key projects to deliver the objectives and various initiatives contained in the Strategy.

### **4. ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 Given that the current parking strategy covers the period 2012 to 2019, that the Council is responsible for the management and enforcement of its off street car parks and for all on-street parking restrictions across the District, it is important for the Council to have an up to date strategy that sets out the Council's parking policies for the next 10 to 12 years. Thus not reviewing the current strategy was not considered a suitable alternative option.

### **5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS**

- 5.1 Regular meetings have been held with the Executive Member for Planning, Enterprise and Transport to ensure that the Strategy, Action Plan and Evidence Base documents are representative of the Council. The Shadow Executive Members have also been kept informed on the development of the Strategy.

5.2 Two workshops and a briefing have been held during the preparation of the Strategy:

- An initial stakeholder workshop was held back in October 2016 to understand the key parking issues within each of the towns. This included consultation with Town Centre Managers, representatives from the BIDs, the Royston Town Council, Letchworth Garden City Heritage Foundation, NHDC and Herts County Council Officers and the then Executive Member responsible for Policy, Transport and Green Issues. This work informed both the Phase 1 (Feb 2017) and Phase 2 (April 2018) evidence reports prepared by consultants, Markides Associates, commissioned by the Council to assist with the review of the current parking strategy (see 18.1).
- An all Member and key Stakeholder workshop was held on 8 August 2018, to discuss four key topic areas arising from the consultants Parking Strategy Review Phase 2 Study Report. These included payment methods, on street parking and employee parking issues in town centres and commuter parking issues. Key stakeholders were those organisations that have a financial, administrative, operational and/or ownership interest in car parks as well as having an interest in the economic vitality of the town centres.
- A further all Member and key Stakeholder Briefing was held on 26 November 2018, where consultants and officers presented an overview of a draft revised Parking Strategy seeking comments on the objectives, policy framework and draft strategic action plan..

5.3 Following the above mentioned Briefing, members and the key stakeholders including Hertfordshire County Council were given the opportunity to make further comments on the draft strategy by 4 January 2019. Late responses were also received and considered.

5.4 Comments raised through the workshop and briefing sessions and received in writing , have been documented, summarised and incorporated into the revised draft Strategy where considered appropriate. The summary of comments is attached at Appendix C.

5.5 The consultation approach has been well received with good cross-party member representation and key stakeholder representation from the four towns at the above mentioned workshop and briefing sessions.

## 6. FORWARD PLAN

6.1 The report contains recommendations on key decisions that were first notified to the public on the Forward Plan on 18 December 2018.

## **7. BACKGROUND**

- 7.1 The Council's role with regard to on-street car parking is one of the management and enforcement of all on-street parking restrictions in the District. This management and enforcement role also includes the off-street car parks that the Council owns and/or manages. NHDC is also the local planning authority responsible for parking standards for new development.
- 7.2 In respect of on-street parking (public roads and streets) enforcement, the Council acts on behalf of Hertfordshire County Council (as the Highway Authority) under the terms of an agency agreement between the two authorities. The Council's agreement with Hertfordshire County Council (HCC) does not include the implementation of other on-street parking controls that are intended to address safety or public amenity issues. Any parking initiatives that the Council may wish to introduce that may impact on the highway will require the agreement of HCC as the highway authority.
- 7.3 The Council's parking policies must comply with the law (particularly the Traffic Management Act 2004); and have regard to the Secretary of State's Statutory Guidance to Local Authorities on the Civil Enforcement of Parking Contraventions, issued in 2014. This Guidance states that enforcement authorities should design their parking policies with particular regard to:
- managing the traffic network to ensure expeditious movement of traffic, (including pedestrians and cyclists);
  - improving road safety;
  - improving the local environment;
  - improving the quality and accessibility of public transport;
  - meeting the needs of people with disabilities, some of whom will be unable to use public transport and depend entirely on the use of a car; and
  - managing and reconciling the competing demands for kerb space.
- 7.4 As well as being a stand-alone strategy the Parking Strategy should also be read alongside the County Council's Local Transport Plan (LTP4), the NHDC Transport Strategy, the Local Development Framework and other relevant supporting documents such as the Town Centre Strategies, to provide the full picture on how a balance can be struck between making provision for parking and environmental protection, economic growth, accessibility, health improvement and social inclusion.

7.5 Work first commenced on a review of the current Parking Strategy (2009 – 2019) with the appointment of consultants (Marekides Associates) in late 2016. This work was to be undertaken in two phases.

- The first phase was to review and provide advice on parking tariffs to inform the Council's budget setting process for 2017/18. This included undertaking and analysing a range of car parking survey and attitudinal data across the District's four towns and Knebworth to understand current usage, demand and other parking issues facing both on and off street parking activity. This work provides a baseline against which future trends can be assessed. This study was completed with the publication of a Phase 1 Report in February 2017.
- The second phase sought to address and consider wider parking provision and management issues across the District and to review the Council's policies in the current Parking Strategy, together with suggested recommendations for the Council to consider in updating its Parking Strategy. This work was completed in April 2018 with the publication of a Phase 2 Report.

7.6 These two pieces of work provide the evidence base for the revised Parking Strategy and can be viewed on the Council's website at: <https://www.north-herts.gov.uk/home/parking/parking-strategy>

## 8. RELEVANT CONSIDERATIONS

### *The Revised Draft Strategy*

8.1 Parking management is a balance between three key aspects:

- The local economy– using parking measures to support town centres and other business locations (e.g. providing sufficient parking at appropriate pricing and duration),
- Travel Demand Management - using parking controls as a means of managing traffic and to encourage the use of sustainable transport modes such as walking, cycling and public transport, and
- Cost – the costs of car parking (e.g. providing, enforcing and maintaining car parking) and where available and appropriate to fund contributions towards other related transport services.

- 8.2 The proposed new Parking Strategy is designed to be a high level document, with clear objectives and more concise policy wording. It covers the period 2019 to 2031 to accompany the implementation period of the proposed submission Local Plan. It updates the current strategy and is based on:
- recommendations of the Phase 2 Study Report undertaken by consultants (See para 7.5 above);
  - outputs from workshop and briefing sessions held with Members and key stakeholders in August and November 2018 (see section 5 above);
  - written comments submitted as further feedback following the briefing session; and
  - other known parking issues reported to the Council and operational matters associated with running the parking service.
- 8.3 Notes from the August workshop outlining the key issues raised and comments received from the briefing session are contained in Appendix C. A summary of the comments received to the draft strategy with officer responses explaining how the key points have been addressed in the strategy are set out in Part 2 at Appendix C. It is to be noted that the general principles of the strategy has been well received.
- 8.4 Some of the key issues raised though the consultation include:
- The need to embrace technological change in the way consumers find information and pay for parking services, both on and off street;
  - Concern about the impact on the vitality of the town centres with regard the proposed policy allowing for the consideration of evening, Sunday and bank holiday charging;
  - Clear guidance to be provided on how the policy framework will be applied with regard to the review of on street parking capacity within core town centre streets, addressing on street commuter parking issues and in dealing with wider parking issues in non town centre areas
  - Having clear objectives and actions that are deliverable within agreed timescales, can be adequately resourced and financially sustainable; and
  - Having a Strategy that is high level, responsive to change and provides a flexible approach to identify opportunities to review the actions and ensure that they become deliverable in the future in light of available resources.



- Having a strategy that encourages and takes into consideration alternative modes of sustainable transport as set out in HCC Local Transport Plan (LTP4) and other supporting documents.
- 8.5 The main focus of the Strategy is to provide the Council's policy framework for managing parking across the District. It sets out how parking issues are currently dealt with and identifies a number of objectives and proposed actions for which future investment may be required. The objectives are listed at paragraph 4.1 of the draft Parking Strategy attached at Appendix A. These objectives are reflected in the overall policy framework set out in section 2 of the Strategy. The policy framework covers four areas:
- 8.5.1 *Management and resources to deliver the strategy* - this includes enforcement of on and off street parking; the administration of the Parking Service and dealing with customer queries; managing and replacement of car park payment machines as well as reviewing and implementing existing and new traffic regulation orders, principally for Controlled Parking Zones. Being fully aware of the limitations on resources it is important for the Strategy to ensure that the Council's parking management and enforcement remains financially sustainable in accordance with the Council's Medium-term financial Strategy.
- 8.5.2 *Management of on and off street parking within town centres* – where some of the key policy issues include: - making provision for investigating appropriate off-street parking management systems and payment mechanisms (such as pay on foot and introducing cashless payment options); preparing and reviewing a programme of physical improvements for the Councils car parks; undertaking tariff reviews; reviewing the overall quantum and balance in duration of stay of on-street parking provision within the core town centre areas as well as including the option of considering charging for on-street parking to encourage turn over; considering the possibility of charging for evenings, Sundays and bank holidays; considering proposals for employee parking schemes; and addressing other types of parking within town centres such as servicing and loading, parking for disabled badge holders, taxis, emergency and electric vehicles.
- 8.5.3 *Management of parking within residential and non-town centre areas* – where some of the key policy issues include: - measures to manage commuter parking in proximity of the railway stations; publishing and updating guidance on identifying and managing on-street parking problems areas; reviewing existing controlled parking zones to see if they are operating in the most appropriate way; and giving consideration to the sale of permits to non-residents in controlled parking zones based on evidence of available spare capacity, which may be a way of addressing the on-street commuter and town centre employee parking issues within such areas.

- 8.5.4 *Management of parking at new developments* – where reference is made to the Council’s Supplementary Planning Document (SPD) guidance on parking policy and standards to be applied to new developments, in accordance with the Local Plan. This guidance will be reviewed to reflect changing development pressures and demand for parking through the lifetime of the Local Plan and the Parking Strategy. Consideration will also be given to the need for including residents of new developments in existing CPZs on a case by case basis. The Strategy also seeks to embrace new technologies in making provision for electric vehicle charging in new developments and the potential to install public on-street charging points.
- 8.6 The Strategy recognises the significance of partnership working and where the policies refer to consultation with “relevant stakeholders”, this will generally include: - the relevant ward and parish councillors; relevant organisations involved in town centre management such as but are not limited to the town centre managers, the BIDs, the Letchworth Garden City Heritage Foundation, Royston Town Council and private operators; Hertfordshire County Council; Hertfordshire Constabulary, Network Rail and other car park operators as considered appropriate.
- 8.7 The detail of how the Council proposes to implement the policy framework will be contained in a separate document, the ‘NHDC Parking Operational Guidelines’ setting out the necessary guidance and assessment criteria to be followed. Having these guidelines contained within a separate document will enable officers to review and update the guidelines as required throughout the life of the Strategy in consultation with the Executive Member for Transport to reflect changes in parking trends and ensure that these are aligned with the Council’s priorities. The intention is to seek Cabinet’s agreement to adopt the revised Parking Strategy first which will then set the policy framework from which these detailed guidelines can be prepared (See Next Steps, Section 9, below)

*Draft Strategic Action Plan*

- 8.8 The Strategy is to be supported by a Strategic Action Plan, attached at Appendix B. There are a number of key projects that have been identified through the preparation of the Strategy that could be taken forward in the short to medium term. These are listed in the Action Plan and were the subject of discussion and debate at the all Member and key stakeholder briefing session (see summary of comments at Appendix C).
- 8.9 The action plan is split into two categories: Short-term and Medium-term. The short-term projects are those that can be started and delivered within 1 to 3 years, whereas medium term projects have a longer timeframe and often require additional work to be completed before they can be commenced. One of the short term goals includes the preparation and prioritisation of a more detailed work programme setting out key projects from the action plan and to prioritise more local and district wide issues. This programme will be developed in consultation with the Executive Member for Transport and then presented to the Area Committees and relevant key stakeholders for consideration and agreement.

8.10 Other key projects include:

- Addressing technological change and investigating alternative payment methods such as cashless payment primarily for specific circumstances and pay on foot;
- Preparing and publishing the NHDC Operational Guidelines to support the strategy;
- Reviewing on-street parking within core town centre streets;
- Preparing work for a commuter parking strategy;
- Completing the town wide parking reviews in Letchworth and Royston and reviewing the approach to such reviews for the future;
- Investigating physical improvements to the council multi-storey car parks to encourage usage; and
- Reviewing the off-street Traffic regulation orders to accord with the policies in the Strategy.

8.11 The delivery of the Strategy, associated Action Plan and the Parking Service are very much reliant on the efficient use of available resources. In delivering this Strategy the Council will face the challenge of delivering value for money while maintaining and developing the parking function/service so that it remains, and is seen to be, fair, efficient, effective and responsive to change and where possible should cover the cost of providing the service. Opportunities for third party funding (directly or through grants) must also be explored where considered appropriate, for example as a part of investigating improvements to the Council's multi-storey car parks, there may be opportunities for some joint funding from town centre management as part of the BIDs and other relevant stakeholders (See Financial Implications Section 11 below).

8.12 It will therefore be important that this Strategy remains a living document which adapts to emerging issues and provides a flexible approach to identify opportunities to review the actions and ensure that they become deliverable in the future in the light of the available resources (both financial and staffing). To this end it is recommended that Cabinet adopts the revised Parking Strategy and its associated Strategic Action Plan and that delegated authority is given to the Service Director - Regulatory to review and agree updates/amendments to the Operational Guidelines and Strategic Action Plan as required in consultation with the Executive Member for Planning, Enterprise and Transport.

## **9. NEXT STEPS**

- 9.1 The Strategy sets the objectives and policy framework for the parking management and provision across the District. The Strategic Action Plan lists the key projects to be taken forward in the short to medium term in accordance with available resources. The adoption of the Strategy will enable officers to proceed with the necessary work and recruitment of resources to deliver the strategy.
- 9.2 A key priority will be for officers to complete the work on the Parking Operational Guidelines and present these to the Area Committees for input and agreement at the first available opportunity, as well as proceeding with the more detailed work programme as referenced in paragraph 8.9 above. These two projects will seek to address some of the concerns raised by Members and stakeholders to the apparent lack of guidance within the Strategy on how the policies would be implemented.

## **10. LEGAL IMPLICATIONS**

- 10.1 Under the Terms of Reference for Cabinet Paragraph 5.6.1 of the Constitution states that the Cabinet can prepare and agree to implement policies and strategies other than those reserved to Council.
- 10.2 Under the Responsibilities for Functions-Summary Paragraph 14.3 of the Constitution states that decisions about executive functions may be taken by Officers.
- 10.3 Specific legal implications of the policies within the Strategy and projects on the Action Plan will need to be considered as the projects commence, such as the requirement for any new and revised Traffic Regulation Orders to implement changes to on and off street parking arrangements. Any parking initiatives that are likely to impact on the highway will need to be undertaken in consultation with Hertfordshire County Council as the Highway Authority and other relevant statutory undertakers as required in the Traffic Management Act 1984 (and subsequent revisions).
- 10.4 Should on-street charging proposals come forward then the requirements of the Traffic Management Act 1984 (and subsequent revisions) will need to be considered. This may require a review of the agreement between the Council and Hertfordshire County Council regarding Decriminalised Parking Enforcement.

## **11 FINANCIAL IMPLICATIONS**

- 11.1 The consultant costs for undertaking the assessment studies and completing the Strategies have been funded from agreed budgets. The management of the consultants and consultation with Members and key stakeholders in preparing the revised Strategy has been undertaken by officers in Strategic Planning and has been funded through existing budgets.

11.2 The main financial commitments arising from the Strategic Action Plan at Appendix B for the current and next financial year are as follows (subject to Corporate Business planning considerations):

- Completing the Letchworth and Royston Parking Reviews (Action Ref PS7) and addressing issues relating to existing Traffic Regulation Orders (TRO), such as the review of the off-street TRO (Action Ref PS9) and any associated implementation of lines and signs. There is an existing Town Wide Parking review budget of £344k and an additional £95k in the lines and signs maintenance budget for this work. The town wide budget is an annual budget of £65k, this has been offered a saving for 2019/20 given the current level of reserve.
- Preparing the NHDC Parking Operational Guidelines, preparing a work programme and reviewing the future approach to town wide parking reviews, will be covered by officers within existing budgets (Actions Referenced PS1, PS2 and PS8).
- Undertaking necessary reviews and feasibility work associated with the wider actions (Actions Referenced PS3, PS4, PS5, PS6, and PS10). At present there is £53k of Growth Area Funding within the revenue budget and £285K of funds available within the capital budget for parking initiatives relating to the current parking strategy. Subject to Cabinet adopting the revised Parking Strategy and agreeing the associated Strategic Action Plan, these funds subject to Council approval could be redirected to the projects identified in the Action Plan that will require further investigation, feasibility studies and funding for implementation such as the pay-on-foot trial. Outside of these budgets future actions will require capital/revenue bids as part of the annual budget setting process, unless third party funding, either through grants or direct funding, can be secured.

11.3 Feasibility and review works are intended to help identify efficiencies or where investments can be justified to improve the service to the customer and be financially justified. Identifying financial and risk implications will form part of the feasibility/review works.

11.4 It is the intention for the Strategy to ensure that the costs of car parking (e.g. providing, enforcing and maintaining car parking) is efficient and covers the cost of the service and where available and appropriate to fund contributions towards other related parking initiatives and transport services identified through the Parking Strategy and the NHDC Transport Strategy

## **12. RISK IMPLICATIONS**

- 12.1 Adoption of the revised Strategy and agreement of the Strategic Action Plan provides the Council with the opportunity to proceed with short-term and mid-term projects to improve parking across the district within the context of a new policy framework.
- 12.2 “The Parking Service” and “Implementation of Parking Strategy” are already identified as risks on the Council’s Risk Register, although these risks will be reviewed comprehensively and reassessed to reflect the revised Strategy following its adoption. Currently, officers have assessed “Implementation of Parking Strategy” as a Medium risk in terms of both Impact and Likelihood.
- 12.3 Some of the main risks associated with the action plan include:
- The management of member and customer expectations in terms of delivery of the actions;
  - Income estimates or costs associated with new payment methods are significantly different from those estimated;
  - Improvements to multi-storey car parks do not improve usage and contribute to the vibrancy of the town centres;
  - Budget constraints mean that suggested priorities cannot be progressed in line with the Strategic Action Plan; and
  - There will be insufficient staff resource to deliver the action plan either on time or to the quality required.
- 12.4 The review of risk implications associated with each specific action and the related approach to managing these risks, will form part of the delivery process and officers will update the Risk Register accordingly.
- 12.5 There will be a number of ongoing budgetary and parking challenges facing the Council over the lifetime of the Strategy, and it will therefore be important that the Strategy remains a living document which adapts to emerging issues and provides a flexible approach to identify opportunities to review the actions and associated risks to ensure that they become deliverable in the future in accordance with available resources.

### **13. EQUALITIES IMPLICATIONS**

- 13.1 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.
- 13.2 There are not considered to be any direct equality issues arising from this report although individual schemes or considerations as proposed at Appendix B, hereafter will be subject to appropriate review to ensure they comply with latest equality legislative need.

### **14. SOCIAL VALUE IMPLICATIONS**

- 14.1 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 Section 13.

### **15. HUMAN RESOURCE IMPLICATIONS**

- 15.1 There are limited resources available within the Regulatory Service to be able to deliver the Strategy and Action Plan. Therefore, there is a need for additional resource. This has been identified through the recent restructure of the Service Director for Regulatory Services where provision has been made for the recruitment of a Transport Policy Officer and a Parking Project Officer who will work together with the Parking Enforcement and Parking Service administrative teams. It is to be noted that the Parking function now falls within Regulatory Services making for a more efficient and co-ordinated Service under the management of the Strategic Infrastructure & Projects Manager. Funding has been set aside for the appointment of a Transport Policy Officer and a Parking Projects Officer.
- 15.2 Arrangements for appointment of the Transport Officer and the Parking Projects Officer will be progressed following adoption of the Strategy.
- 15.3 Resourcing and training requirements will need to be considered for any changes in parking enforcement including the introduction of any technological changes. It is noted that the intention is for the service to be self financing with the revenue received from on and off street parking.

## **16. APPENDICES**

- 16.1 Appendix A – North Hertfordshire District Council Parking Strategy (2019-2031) – Revised Draft
- 16.2 Appendix B – NHDC Parking Strategy Draft Strategic Action Plan.
- 16.3 Appendix C – NHDC Parking Strategy Summary of Comments and Officer Responses

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**18. BACKGROUND PAPERS**

- 18.1 North Hertfordshire District Council Parking Strategy Review – Phase 1 Report (Feb 2017) prepared by Markides Associates.
- 18.2 North Hertfordshire District Council Parking Strategy Review – Phase 2 Report (April 2018) prepared by Markides Associates.

These two reports can be viewed on the Council's website at: <https://www.north-herts.gov.uk/home/parking/parking-strategy>

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**North Hertfordshire District Council  
Parking Strategy 2019-2031**

**January 2019**

**(Revised Draft)**

# CONTENTS

## SECTION 1: Introduction, Context & Objectives

1	Introduction.....	4
2	Background to the strategy .....	5
3	Policy context .....	6
4	Parking Strategy Objectives.....	8

## SECTION 2: Policy Framework

5	Management and resources .....	9
	Policy 1 - Management and resources .....	9
6	Town centres .....	9
	Policy 2 - Off-street Car Park Capacity in Town Centres .....	9
	Policy 3 - Physical Improvements and Maintenance of Car Parks .....	12
	Policy 4 – Off-Street Car Park Management System .....	12
	Policy 5 – Off-street Car Park Tariff Reviews.....	13
	Policy 6 - Charging for Evenings, Sundays and Bank Holidays .....	13
	Policy 7 - Other Services in Council Car Parks.....	14
	Policy 8 – On-Street Parking Provision.....	14
	Policy 9 - Charging for On-street Parking .....	15
	Policy 10 - Parking for Disabled Badge Holders .....	16
	Policy 11 - Servicing and Loading .....	17
	Policy 12 - Emergency Services’ Access.....	18
	Policy 13 - Powered Two-Wheeler and Bicycle Parking .....	18
	Policy 14 - Taxi Parking.....	18
	Policy 15 - Bus, coach, HGV and caravan/trailer parking .....	19
	Policy 16 – Electric Vehicle Charging in town centres .....	19
	Policy 17 – Employee parking schemes .....	20
7	Residential and other non-Town Centre Areas .....	20
	Policy 18 – Commuter parking .....	20
	Policy 19 - Identifying On-Street Parking Problem Areas and Potential Solutions....	21
	Policy 20 - Small-Scale Parking Improvements .....	23
	Policy 21 - Review of Existing Controlled Parking Zones.....	24
	Policy 22 – On-Street Disabled Badge Holder Parking Bays .....	24
	Policy 23 – Sale of Permits to Non-residents in Controlled Parking Zones .....	24

8 Parking at new developments ..... 25  
Policy 24 – Parking at New Development and Existing Controlled Parking Zones ... 25  
Policy 25 – Electric Vehicle Charging in New Developments and On-street ..... 26

**SECTION 3: Strategic Action Plan & Delivery**

9 Delivery of the Strategy.....28

**APPENDIX A**

Strategic Action Plan .....29

## SECTION 1: INTRODUCTION, CONTEXT AND OBJECTIVES

### 1 Introduction

- 1.1 Good parking management is an important tool that can contribute towards achieving the Council's Corporate Priorities and its economic and planning policy objectives. Having parking policies and effective enforcement in place can influence travel patterns, sustain the local economy, balance competing demands for road space, relieve congestion and contribute to sustainable outcomes.
- 1.2 This Parking Strategy covers the period 2019 to 2031, to accompany the implementation period of the proposed submission Local Plan. It updates a previous strategy and is based on the recommendations of the NHDC parking strategy review, a study undertaken by consultants on behalf of the Council<sup>1</sup>.
- 1.3 The main focus of this strategy document is to provide the Council's policy framework for managing parking across the District. It sets out how parking issues are currently dealt with and identifies a number of objectives and proposed actions for which future investment may be required. The detail of how the Council proposes to implement this framework is contained in a separate document, the *NHDC Parking Operational Guidelines*, which will be made available on the Council's website<sup>2</sup>. The Guidelines will be updated as required throughout the life of the Strategy to reflect changes in parking trends and ensure that these are aligned with the Council's priorities
- 1.4 Whilst the Council will consider and/or record all parking requests, it should be noted that given the current background of public spending restraint and limited resources, it will not be possible to guarantee what projects/schemes will be taken forward. This would also be subject to agreement with Hertfordshire County Council as the Highway Authority.
- 1.5 This Strategy has been prepared in consultation with key stakeholders, Local District and County Members and is supported by an assessment of local evidence as set out in the Phase 1 and Phase 2 NHDC parking strategy review reports.
- 1.6 The Service Director for Regulatory Services will be responsible for implementing the policies contained within the Strategy and reviewing the proposed strategic action plan and operational guidelines in consultation with the Relevant Executive Member for Transport<sup>3</sup>.
- 1.7 Where policies refer to consultation with "relevant stakeholders", the consultees will generally include the relevant ward and parish councillors, relevant organisations involved in town centre management, Hertfordshire County Council

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<sup>1</sup> North Hertfordshire District Council Parking Strategy Review – Phase 1 Report (Feb 2017) and Phase 2 Report (April 2018) prepared by Markides Associates - <https://www.north-herts.gov.uk/home/parking/parking-strategy>

<sup>2</sup> NHDC Parking Operational Guidelines – (web-link to follow)

<sup>3</sup> Section 14: Responsibility for Functions (delegations to Officers and the Executive) of the North Hertfordshire District Council Constitution

and Hertfordshire Constabulary. In addition, other local relevant stakeholders may also be consulted such as other car park operators<sup>4</sup>.

- 1.8 The level of technological change that may occur during the life of this strategy is likely to be considerable, including the increasing electrification and automation of the vehicle fleet. Furthermore, communications technology is leading to a change in the way consumers find information and pay for services. The strategy is conscious of these changes and therefore proposes a flexible approach to ensure future adaptation of policy.

## **2 Background to the strategy**

- 2.1 Parking availability for any type of vehicle is an important factor in determining how people travel. Parking availability also influences the vitality and viability of town centres and the design and layout of parking can affect the quality of place of residential areas. In some places on-street parking can act as a traffic calming measure, in others it is a problem for residents and businesses and can be a barrier to accessibility for pedestrians, cyclists, passenger transport, emergency and other service vehicles.
- 2.2 Parking management is generally held to be primarily a balance between three key aspects:
  - *The local economy* – using parking measures to support town centres and other business locations (e.g. providing sufficient parking at appropriate pricing and duration).
  - *Travel Demand Management* - using parking controls as a means of managing traffic and to encourage the use of sustainable transport modes such as walking, cycling and public transport.
  - *Cost* – the costs of car parking (e.g. providing, enforcing and maintaining car parking) and where available and appropriate to fund contributions towards other related transport services.
- 2.3 All three of these aspects are important, and the Council will seek to take a balanced approach to them in this Strategy.
- 2.4 Demand for town centre parking in North Hertfordshire was affected in the last decade by the economic downturn and by changes in retail habits, as well as competition from out of town centres, which generally have free parking. The four town centres of Baldock, Hitchin, Letchworth Garden City and Royston have different characteristics and environments, and are adapting to these challenges in different ways. As a result, the parking provision and tariff structures in each of the town centres may vary.
- 2.5 The pressure of non-residential parking in residential areas has increased in all of the towns and in Knebworth in particular, specifically as a result of commuter parking. Rail patronage increased at rates of between 31% and 71% at the

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<sup>4</sup> Other car park operators could include but are not limited to organisations such as the Letchworth Garden City Heritage Foundation, Network Rail, Royston town Council and other private landowners/operators.

stations in North Hertfordshire between 2005/06 and 2014/15, and station car parks are generally full.

- 2.6 It is expected that the North Hertfordshire Local Plan will be adopted in 2019. At this point, there should be greater certainty on the overall level of planned growth for the area and the major development opportunities. The Council is committed to reviewing its town centre strategies to accommodate future growth and changes in retail/commercial patterns over time. This Parking Strategy will play an important role in reviewing the above strategies.
- 2.7 This Parking Strategy is intended to cover the period 2019 to 2031. It is acknowledged, however, that the Strategy should be kept under review during this period as technological and transport patterns change over time and not least because of the implications of major development opportunities in Baldock, Hitchin, Letchworth Garden City and Royston and any resultant policies or strategies.

### **3 Policy context**

- 3.1 The Council's parking policies must comply with the law (particularly the Traffic Management Act 2004); and have regard to the Secretary of State's Statutory Guidance to Local Authorities on the Civil Enforcement of Parking Contraventions, issued in 2014. This Guidance states that enforcement authorities should design their parking policies with particular regard to:
  - managing the traffic network to ensure expeditious movement of traffic, (including pedestrians and cyclists);
  - improving road safety;
  - improving the local environment;
  - improving the quality and accessibility of public transport;
  - meeting the needs of people with disabilities, some of whom will be unable to use public transport and depend entirely on the use of a car; and
  - managing and reconciling the competing demands for kerb space.
- 3.2 The Council's role with regard to on-street car parking is one of the management and enforcement of all on-street parking restrictions in the District. This management and enforcement role also includes the off-street car parks the Council owns and/or manages mainly in town centres. NHDC is also the local planning authority responsible for parking standards for new development.
- 3.3 In respect of on-street parking (public roads and streets) enforcement, the Council acts on behalf of Hertfordshire County Council (the Highway Authority) under the terms of an agency agreement between the two authorities<sup>5</sup>. The Council's agreement with Hertfordshire County Council (HCC - i.e. the Highway Authority) does not include the implementation of other on-street parking controls

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<sup>5</sup> Agreements with HCC include the Highway Agency Agreement dated 24 January 2002 and Parking and Traffic Order Agency Agreement dated 17 January 2005.



(i.e. Traffic Regulation Orders – TROs) that are intended to address safety or public amenity issues.

- 3.4 As well as complying with relevant legislation this strategy must also be read alongside the County Council's Local Transport Plan (LTP4), the NHDC Transport Strategy, the emerging North Central Hertfordshire Growth Transport Plan, Town Centre Strategies, the Local Development Framework and other relevant supporting documents to provide the full picture on how a balance can be struck between environmental protection, economic growth, accessibility, health improvement and social inclusion.
- 3.5 There is also a range of national, regional and local policy that is relevant to this parking strategy. Some of the key aims and objectives of these policies are set out below:
- 3.6 The National Planning Policy Framework (NPPF) 2018 set out the Government's planning policies for England and how these should be applied. It provides a framework within which locally-prepared plans for housing and other development can be produced. The NPPF must be taken into account in preparing the development plan, and is a material consideration in planning decisions.
- 3.7 The Secretary of State for Transport also issued in 2016 Statutory Guidance to Local Authorities on the Civil Enforcement of Parking Contraventions, which sets out the policy framework for Civil Parking Enforcement. It explains how to approach, carry out and review parking enforcement.
- 3.8 Countywide policy on parking is set out in the Local Transport Plan 4 (LTP4), which was adopted by Hertfordshire County Council (HCC) in May 2018<sup>6</sup>. The Local Transport Plan adopts a transport user hierarchy policy which gives priority to more sustainable modes of transport such as walking, cycling and public transport. Policy 4 of the LTP4 stresses the importance of parking as a traffic demand management tool.  
  
*The County Council considers greater traffic demand management to be essential in the county's urban areas in the next five years to achieve modal shift and improve sustainable travel provision. This can only currently be achieved efficiently and effectively through parking restrictions and charging applied to on-street, off-street and potentially at workplace parking. The county council will work with the district and borough councils and other key stakeholders to develop locally appropriate strategies.*
- 3.9 The main principles of the County's transport vision have been replicated in the NHDC Transport Strategy, published in October 2017<sup>7</sup> as supporting evidence to the Submission Local Plan.
- 3.10 The NHDC Proposed Submission Local Plan contains parking standards and refers to the NHDC Supplementary Planning Document (SPD) *Vehicle Parking at*

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<sup>6</sup> HCC Local Transport Plan 4 - <https://www.hertfordshire.gov.uk/services/recycling-waste-and-environment/planning-in-hertfordshire/transport-planning/local-transport-plan.aspx>

<sup>7</sup> NHDC Transport Strategy 2017 – listed as ED14 - <https://www.north-herts.gov.uk/planning/planning-policy/local-plan/local-plan-examination/examination-documents>

*New Developments.* The emerging Local Plan also identifies several transport related policies which will affect North Hertfordshire's town centres:

- Parking is one tool that can be used to influence travel demand and mode of travel. It is now recognised and accepted that, in most locations, demand management through parking is most appropriate at the trip destination (for example commercial, leisure and retail parking).
- The locations of parking areas should ensure that they create safe and secure places to leave and access vehicles.

#### **4 Parking Strategy Objectives**

4.1 Based on the above background, policy and the available information<sup>8</sup> on parking in NHDC, the core objectives of the Parking Strategy are proposed as follows:

1. To manage the volume and type of on- and off-street parking in a balanced approach to meet NHDC, HCC and national policy objectives, including the need to achieve mode shift away from private car use and to help support the vitality of town centres.
2. To ensure that the quantity and type of on-street parking provision and kerbside space is managed and enforced to seek to balance the current and future demands of residents, businesses and visitors.
3. To keep under review the effectiveness of on-street restrictions within the District, and to work with HCC where safety and congestion is or could be an issue.
4. To ensure that Council-owned car parks are maintained to an appropriate standard, that there is sufficient space to meet demand and to aid traffic circulation.
5. To operate the car parking service with an efficient and effective use of available resources and within the financial constraints and objectives set by the Council.

4.2 These objectives are reflected in the overall policy framework set out in section 2 of the Strategy.

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<sup>8</sup> Information from the Phase 1 and Phase 2 NHDC Parking Strategy Review studies, NHDC car park usage figures, correspondence with local councillors, HCC and local residents, etc.

## SECTION 2: POLICY FRAMEWORK

### 5 Management and resources

#### **Policy 1 - Management and resources**

In order to deliver this Parking Strategy, the Council is committed to finding the most efficient and effective use of resources to implement improvements and manage the parking service on a day to day basis.

- 5.1 The management of on and off-street parking in the district falls into two broad categories. Firstly, the enforcement of on and off-street parking (i.e. the public 'face' of the service) and secondly, the back-office management which assists the enforcement function as well as day to day management of issues such as Season Ticket and Residents Permit applications as well as customer queries.
- 5.2 Managing car park payment machines (in terms of ticket machines, the cash collection, planned and reactive maintenance) as well as monitoring the status of machines also falls within the day to day management function. In addition, the Council allocates resources to physical maintenance of car parks, again on a planned and reactive basis.
- 5.3 With regard to on-street parking the Council, in conjunction with Hertfordshire County Council and Hertfordshire Constabulary, prepares and implements new or amended Traffic Regulation Orders, principally for Controlled Parking Zones. The Council will consider the implementation of limited waiting/parking restrictions where there is a justified parking issue.
- 5.4 The entire daily management resource covers both town centres and elsewhere in the District, both on and off-street, so changes to one aspect of the service as a result of this Strategy are likely to have implications for the whole service resource. The level of resources available will dictate how the Strategy will be delivered and the service is managed.
- 5.5 The Council is acutely aware of the limitations on its resources and as such seeks to achieve the most efficient and effective ways of working, and to regularly review the scale of its operations with a view to ensuring that parking management and enforcement remains financially sustainable in accordance with its Medium-term Financial Strategy (MTFS)<sup>9</sup>.

### 6 Town centres

#### ***Off-street parking in town centres***

#### **Policy 2 - Off-street Car Park Capacity in Town Centres**

The Council will periodically review the level of off-street car parking capacity in each of the town centres. The Council will aim to manage the overall level of capacity in line with policy objectives for town centre vitality, while seeking to

<sup>9</sup> The current MTFS sets out the Council's financial implications and policy framework for the period 2019/20 to 2023/24 - <https://www.north-herts.gov.uk/home/council-performance-and-data/budgets-and-spending/medium-term-financial-strategy>

minimise environmental impacts, recognising the need for encouraging sustainable travel and adapting to new technology and trends in parking. The Council will consider the balance required between short and longer-stay parking needs in its reviews.

The Council will manage its off-street car parks in a financially responsible manner. Where appropriate, the Council will work with other off-street parking operators to seek to ensure that the combined car parking capacity in town centres meets policy objectives and is financially sustainable.

- 6.1 The four towns of Hitchin, Letchworth Garden City, Baldock and Royston are different in terms of demand for parking, reflecting the different retail and servicing offer in each town as well as their physical characteristics. Each of the town centres is affected by other longer-term trends such as the competition from out of centre retail formats not necessarily within the District, the continuing growth in online sales and the increasing importance of hospitality and leisure for town centre vitality.
- 6.2 The availability of car parking supports the town centres and the level of demand for parking in each town reflects the variations between the amount of shops, services and destinations in each town. There are privately owned and operated car parks in Hitchin and Letchworth Garden City that, combined with Council owned and operated car parks and off-street parking provide a varied amount of parking in terms of on and off-street, short and long-stay, location, charging periods and price.
- 6.3 The Phase 1 and 2 parking strategy review studies do not advocate significant changes in the volume and type of parking in NHDC. However they acknowledge that changes in the provision of off-street parking capacity may need to be considered in the light of changing user needs and potentially as a result of development opportunities in the town centres.
- 6.4 Differential tariffs between car parks within towns and also between towns have been in place since 2009. This approach has been adopted to reflect the different demands for parking between and even within town centres.
- 6.5 When reviewing car parking capacity and tariffs, NHDC will continue to work with external parties such as Network Rail and the Letchworth Garden City Heritage Foundation to adopt a coordinated approach in each town. Charging policies (price and timing) in private car parks can have significant implications for surrounding streets and car parks. The Council will maintain a dialogue with other car park providers/operators in order to ensure that parking provision as a whole does not have unacceptable impacts on other car parks or on-street locations.
- 6.6 Parking surveys conducted in 2016 confirmed that the balance between short and long-stay off-street parking broadly reflects current demand. There is significant demand for short-stay on-street and off-street parking in all the town centres. Long-stay car parks are located on the edge of the town centres and are used for both short and long-stay parking at different times. The Council continues to keep the balance of short-stay and long-stay parking under review.

- 6.7 Currently on-street parking within town centres is free of charge<sup>10</sup>, while off-street parking is charged during the daytime Monday to Saturday. On-street parking in 'core' shopping streets as well as more peripheral areas provides a significant additional parking resource and is especially important for Disabled Badge Holder access as well as for servicing and loading. The majority of this parking is short-stay although some uncontrolled longer stay on-street parking conflicts with residents' parking in peripheral streets.
- 6.8 An assessment of current demand and supply in, and priorities for, each of the town centres and Knebworth was documented in the Parking Strategy Review phase 1 report (February 2017). In general, there is sufficient capacity for all types of parking in town centres. There are, however, some pressures as follows:
- Despite there being capacity in off-street car parks, there is pressure on the free and convenient on-street parking in all of the town centres.
  - In several of the town centres there is high demand for the most popular short-stay car parks while other car parks are under-utilised<sup>11</sup> despite price incentives (the Multi Storey Car Parks – MSCPs - in Hitchin and Letchworth Garden City, Town Hall/Civic Centre in Royston).
  - In Hitchin and Royston, there is less capacity available on market days, both on and off-street.
  - Future developments planned via the Town Centre Strategies may place more pressure on off-street parking provision.
- 6.9 The Council will consider the following principles when providing for town centre parking:
- Support the objectives of the Town Centre Strategies to protect the vitality, social and environmental amenity of the towns;
  - Consider parking provision in the context of the Local Transport Plan (LTP4) and Transport Strategy objectives, to create towns where walking, cycling and public transport are encouraged and support strategies to address climate change and air quality;
  - Improve the ease of use of all parking facilities, i.e. the customer experience, and ensure a smooth transition to new technologies;
  - Provide information for users and decision makers to aid the management of parking;
  - Ensure that on- and off-street parking should cover the cost of providing the service ; and
  - Work in partnership with relevant stakeholders where appropriate.

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<sup>10</sup> With the exception of a small number of paid on-street spaces in Royston.

<sup>11</sup> The definition of under-utilisation will depend on the individual street or car park, but in general a car park is regarded as approaching utilisation when demand exceeds 85% of capacity (see e.g. the CIHT Guidelines for Parking Management Strategies, 2005) – this is to allow for some spare capacity for arriving vehicles.

### **Policy 3 - Physical Improvements and Maintenance of Car Parks**

The Council will prepare and periodically review a programme of physical improvements for its car parks, in conjunction with relevant stakeholders where appropriate and subject to funding availability.

- 6.10 The quality and safety of off-street car parks is often a key consideration for car park users. This often falls into two basic categories – the quality, convenience and safety of the car park and the quality, safety and convenience of the route from the car park to town centre shops and services. Much of the latter will be dealt with via Town Centre Strategies and development proposals as they come forward.
- 6.11 Section 3 of this strategy sets out current investment priorities in the Strategic Action Plan, which may change over the life of the Parking Strategy.

### **Policy 4 – Off-Street Car Park Management System**

The Council will continue to assess the most appropriate off-street parking management systems and payment mechanisms on a case-by-case basis. The relevant considerations and criteria for this assessment are set out in the *NHDC Parking Operational Guidelines*.

- 6.12 NHDC car parks are currently operated on a Pay and Display basis. The most recent replacement of payment machines was completed seven years ago, and the indicative lifespan of the latter equipment is 10 to 13 years. The Council also has a mobile phone payment system as an alternative for registered users and can be used to top up the duration of a visit.
- 6.13 The Council recognises that Pay and Display may not always be the most appropriate system for charging and will investigate alternative methods on a case-by-case basis.
- 6.14 One alternative could be the introduction of Pay on Foot systems, where users do not decide on their duration of stay up-front and pay for parking on the return to their vehicle. The Council would also consider how Pay on Foot or other alternative systems could be used for season ticket holders and other groups of registered users in car parks where these systems are proposed.
- 6.15 The Council is committed to collecting accurate data on car park usage and will investigate how any future systems can record all vehicles, including those not paying at the point of use such as season ticket users and Disabled Badge holders. The introduction of any new off-street parking management system will be considered in light of the assessment criteria set out in the relevant section of the *NHDC Parking Operational Guidelines* and will be subject to a positive business case.
- 6.16 The Council will also consider, on a case-by-case basis, the potential for acceptance of different payment types, including those not using cash.

### **Policy 5 – Off-street Car Park Tariff Reviews**

The Council will review tariffs and other types of registered permits each year in accordance with its Medium Term Financial Strategy (MTFS).

The Council will also undertake a more detailed review of its tariffs as appropriate but at least once during the life of the Strategy. The criteria for the tariff reviews are set out in the document *NHDC Parking Operational Guidelines*, which will be updated as required to align with future strategies or policies.

The Council will charge for replacement lost, stolen or damaged parking permits. The charge will be levied to cover administration costs only. The level of charge will be reviewed alongside other parking charges.

- 6.17 The patterns of parking demand vary considerably between the towns in the District, where differential tariff structures have been used within the towns to manage demand for 'prime' short-stay car parks and improve the utilisation of less popular car parks throughout the day. This has included the introduction of off-peak incentives in certain towns to manage demand and to encourage users to stay longer, thereby supporting town centre businesses.
- 6.18 Any review of parking tariffs such as the annual review of inflation, will take into consideration these differences in parking demand and will be undertaken in accordance with the criteria set out in the relevant section of the *NHDC Parking Operational Guidelines*. The Council will monitor the usage of its car parks and undertake discussions with the relevant town centre managers and organisations to understand the impact of proposed tariff changes.
- 6.19 A full and detailed review of parking tariffs will take place when considered appropriate during the life of the parking strategy.
- 6.20 The Council may issue a number of different types of registered permits within its tariff structure, such as season tickets within its long-stay car parks. The types of permits and eligibility for such permits will be set out in the *NHDC Parking Operational Guidelines*. The cost and review of such permits will be in accordance with the Councils MTFS. The Council will charge a reasonable administrative fee for replacing lost, stolen or damaged parking permits.

### **Policy 6 - Charging for Evenings, Sundays and Bank Holidays**

The Council will consider charging for parking for evenings, Sundays and Bank Holidays. Any review will be carried out in consultation with relevant stakeholders, and will consider the factors set out in the *NHDC Parking Operational Guidelines*.

- 6.21 Currently there is no charge for Sunday, evening or bank holiday parking in town centres. Over the last years some towns have seen increased activity on Sundays and during the evenings. In Hitchin, the most popular car parks are operating at or near capacity on Sundays, and consideration may need to be given to demand management to ensure all potential users of the car park are given an opportunity to park. Long-stay car parking, for example, may conflict

with that of shoppers or visitors. It is noted that currently competing town centres in neighbouring districts and boroughs also charge on a Sunday. Likewise several car parks, notably Biggin Lane and St Mary's Square in Hitchin, are operating at or near capacity in the evening periods. In Letchworth Garden City, the Town Hall car park is well-positioned for the cinema/theatre and restaurants and therefore reaches full occupancy in the evenings and on Sunday afternoons.

- 6.22 The NHDC Parking Strategy Review Phase 1 Report identifies that there is a case for a gradual introduction of Sunday and evening charges where this can assist in managing demand for the most popular car parks. However, the review recommended that these measures should be introduced on a trial basis and in incremental steps. This will be based on the economic circumstances of the town centres at the time and in consultation with relevant stakeholders. The NHDC Parking Operational Guidelines set out the factors that would need to be taken into consideration when considering introducing such charging.

#### **Policy 7 - Other Services in Council Car Parks**

The Council will consider opportunities for providing other services and temporary uses within its car parks. In some cases, services may be provided by third parties and in all cases, consideration will be given to the appropriateness of the service provided and/or the use as well as the implications for use of the car park and town centre generally.

The Council will consider charging for the service or for the temporary use of its car parks.

- 6.23 In line with modern car park operations, there is potential for other services to be provided in off-street car parks in the district. Where appropriate some of these services may benefit car park users and the Council will consider opportunities on a case-by-case basis. Services could include:
1. Advertising on tickets, ticket machines or elsewhere;
  2. Promotion or marketing initiatives;
  3. Other events associated with town centre promotion or activities;
  4. Other appropriate commercial activities.
- 6.24 Where such opportunities involve the temporary closure of all or part of a car park, the Council will consider charging to cover any potential loss in income, any associated administration costs and any other reasonably incurred costs.

#### ***On-street Parking in Town Centres***

#### **Policy 8 – On-Street Parking Provision**

In consultation with relevant stakeholders the Council will review provision of on-street parking as and when circumstances change in town centres. Consideration will be given to the overall quantum and balance in duration of stay of on-street parking spaces. The Council will aim to manage the overall level of capacity in line with policy objectives for town centre vitality, while seeking to minimise environmental impacts, recognising the need for encouraging sustainable travel



and adapting to new technology and trends in parking. The Council will also consider during the design and enforcement of on-street controls the needs of bus operations.

The Council will continue to pursue a general policy of very short-stay parking in core streets, short and medium stay parking in peripheral streets and medium to longer stay parking in streets further out from the centre, subject to provision not conflicting with other demands or giving rise to safety, access or amenity concerns.

- 6.25 There is a considerable amount of on-street parking in town centres. Much of this parking is as close, if not closer, to main shopping areas than off-street parking. This makes it popular and survey information indicates that turnover of spaces is significant.
- 6.26 On-street parking is currently free of charge and this, coupled with the short-stay parking restrictions in place, means vehicles moving through town centres searching for on-street parking, often when there is spare capacity in off-street car parks. In some cases, this puts circulating traffic in areas where pedestrian activity is busiest.
- 6.27 On-street parking generally falls into a number of categories:
- Very short-stay (less than 30 minutes)
  - Short-stay (less than 2 hours)
  - Medium stay (2 to 4 hours)
  - Long-stay (4+ hours includes commuters)
  - Disabled Badge holder parking
  - Loading and servicing
  - Residents
- 6.28 The Council regularly reviews the provision of on-street parking, especially where Town Centre Strategies are progressing and the demand for or need for on-street parking may change over time. The principle of very short/short-stay parking in the core shopping areas to support retail activity and short/medium/longer stay parking further away from shops is the preferred approach. The Council also recognises the social aspects of town centres and will take this into consideration with regard to such activities on a case by case basis.
- 6.29 From time to time there may be a need to review the provision of on-street parking in town centres, for example where servicing, emergency vehicles and buses have reported difficulty accessing key destinations. The provision and layout of on-street parking may also be reviewed as part of wider urban realm improvements and the potential for improving sustainable travel.

### **Policy 9 - Charging for On-street Parking**

The Council will consider the case for on-street parking charges on a case-by-case basis in consultation with relevant stakeholders. Consideration will also be given to appropriate parking management and payment mechanisms. The criteria

for considering on-street charging and tariff reviews are set out in the document *NHDC Parking Operational Guidelines*.

- 6.30 On-street parking in town centres in the district is generally free. This is an anomaly given that off-street parking for the same duration is generally charged. It is typical in town centres that the more in-demand parking such as on-street is charged, and is usually charged at a higher rate than off-street car parks.
- 6.31 The Council is concerned about the implications for town centre vitality and viability of the volumes of traffic circulating in town centres. Yet some free parking, particularly very short-stay parking, can also support the local retail convenience offer, and it is common practice in some towns to see parking restrictions of 20 or 30 minutes in such streets.
- 6.32 Furthermore, the Council manages the enforcement of on-street parking controls in town centres. The costs involved in staffing and costs incurred with the lines, signs and Orders, are not off-set by users paying for the service at source, as is the case in off-street car parks.
- 6.33 Town Centre Strategies identify the need for increased pedestrian priority measures as well as the need for town centre users to use car parks on the edges of shopping areas and walk rather than circulate by car through core town centre streets. In summary there is a balance between providing on-street parking in town centres, the cost of managing that provision and the implications for town centres as shopping environments and the volume of traffic it generates.
- 6.34 Charging for on-street parking is one way of managing these impacts and is in line with managing parking elsewhere in car parks and on-street parking in residential areas (i.e. via permit charges). The Phase 2 NHDC Parking Strategy Review Report recommended that over time on-street parking in town centres should be either charged at a level at least comparable to adjacent off-street parking, or restricted to 20 or 30 minutes if it is to remain free of charge. On-street charging does not necessarily require cash parking meters, which could become redundant within the timeframe of this strategy, and could initially be implemented on a trial basis by using cashless mobile phone technology for 'premium' spaces closest to the shops. The criteria for considering and introducing on-street charging is set out in the relevant section of the NHDC Parking Operational Guidelines.
- 6.35 On-street charged parking may also be appropriate in some locations outside of the town centres, notably in relation to commuter parking (see policy 18).

### ***Other types of parking in town centres***

#### **Policy 10 - Parking for Disabled Badge Holders**

The Council will maintain its policy of providing free parking for disabled Badge Holders both on- and off-street in a variety of locations around town centres. Where circumstances change (for example associated with a new car park

management system, development proposals or demand for more pedestrian priority) the views of relevant stakeholders will be sought on future provision for Disabled Badge holders.

Where demand justifies it, the Council will also seek to identify and provide parking space for mobility scooters.

Pedestrian priority measures will be designed with the needs of Disabled Badge holders' parking needs as a key consideration.

- 6.36 The Council has maintained a policy of providing free on-street and off-street parking for Disabled Badge holders in a variety of locations in town centres. This reflects the need for Disabled Badge holders to park near their destination. The number of Disabled Badge holders in the district is expected to rise in line with an ageing population and qualifying criteria, and there is, at times, great demand for prime Disabled Badge holder spaces. The opportunity for increasing provision in key destinations is limited. There is also a considerable amount of abuse of Disabled Badge Holder parking bays by non-Disabled Badge Holders, especially on a short-stay basis and will be addressed as part of the Council's parking management and enforcement role.

#### **Policy 11 - Servicing and Loading**

The Council will seek to maintain servicing and delivery access for businesses and residential properties in town centres. As proposals from Town Centre Strategies come forward, the ability to maintain servicing and delivery access throughout the day in certain parts of town centres may be limited, therefore needing a more flexible or managed solution.

In consultation with relevant stakeholders the Council will review servicing and delivery access as and when circumstances require. The preference will be to serve properties from the rear where possible and, if not possible, from the street outside of peak shopping hours.

Pedestrian priority measures will be designed with the needs of servicing and delivery access as a key consideration.

- 6.37 Another key issue for town centres is the availability of service access and loading bays for shops and businesses. Currently loading bays are provided in locations where demand for on-street parking is high, road space is often limited and specific provision is needed to assist business deliveries. The Town Centre Strategies identify potential demand for pedestrian priority measures and increased retail provision in town centres. Pressure for servicing and loading access will increase in town centres, potentially being directly at odds with the ability to carry out servicing and deliveries where pedestrian priority becomes more in-demand.
- 6.38 There is restricted access to core shopping streets in Hitchin on Saturdays. This, along with experience from outside the district, suggests that there are ways of maintaining service access alongside demand for greater pedestrian priority.

### **Policy 12 - Emergency Services' Access**

The Council will consider requests from the Emergency Services in relation to any locations where it is considered that parking is consistently impeding emergency service access.

Pedestrian priority measures will be designed with the needs of the Emergency Services as a key consideration.

- 6.39 Emergency access in town centres is a key consideration and many of the issues associated with it are similar to those affecting servicing and deliveries, although obviously the need to preserve human life overrides the need for any other access or parking requirements. The emergency services will park wherever needed in an emergency and the Council seeks to support their ability to get access into town centres and not be impeded by other parking. Much of this issue is a matter for the management and enforcement of town centre parking.

### **Policy 13 - Powered Two-Wheeler and Bicycle Parking**

The Council will consider, as part of reviews or changes in town centres, how appropriate parking facilities for powered two wheelers and bicycles can be provided. The most appropriate mechanism for delivering improvements is via the NHDC Transport Strategy or Town Centre Strategies and/or new development proposals, and the principle of small-scale provision at a variety of locations in town centres is the starting point.

- 6.40 Increased use of bicycles and powered two wheelers can help reduce congestion in town centres and pressure on car parking. Increased bicycle use also helps reduce carbon emissions and the Council's proposed Cycle and Pedestrian Strategy alongside emerging North Central Hertfordshire Growth Transport Plan will identify improvements to routes to and from town centres for bicycles and the need for additional cycle parking.
- 6.41 Security and shelter are key issues for both types of two wheeled user. Both are able to park free of charge and bicycle parking stands are generally situated at various locations around town centres. Powered two wheelers can park in designated areas in off-street car parks, on-street or in other informal locations, often sharing with bicycle parking.

### **Policy 14 - Taxi Parking**

The Council will consider the provision of appropriate parking for taxi operators at key destinations that balances the need for convenient access for operators and customers with the wider demands of town centres, railway stations and other areas where specific demand for taxi parking is identified.

- 6.42 Taxis provide an important service, especially for journeys to and from Town Centres and Railway Stations. As such the Council is keen to ensure a provision

of taxi parking and waiting in accessible locations. Provision will reflect that demand for taxi parking often varies and can increase at peak times.

- 6.43 The taxi/hackney carriage and private hire industries are undergoing a period of change due to rapid technological developments, and changes to the governance of on-demand mobility services is inevitable during the life of this Strategy. Changes to licensing arrangements, including aspects such as the eligibility to wait at NHDC taxi ranks, will be dealt with through NHDC Licensing policy.

#### **Policy 15 - Bus, coach, HGV and caravan/trailer parking**

The Council will consider the provision of parking for Buses, Coaches, HGVs and caravans/trailers as and when demand is identified. This will include consideration of appropriate directional signing and information and, if relevant, charging.

- 6.44 Currently the Council provides Coach and Heavy Goods Vehicle (HGV) 24-hour parking in Woodside car park in Hitchin. The Council will consider provision for similar parking where demand arises. Provision for such parking will be made on a case-by-case basis taking into consideration both the location of the proposed parking and access routes in consultation with HCC as the Highway Authority and other relevant stakeholders, including bus and coach operators.

#### **Policy 16 – Electric Vehicle Charging in town centres**

The Council will consider the case for electric vehicle charging points in off-street car parks and review the use of existing bays. The Council may offer discounted or free parking to electric vehicles whilst being charged for a limited period to encourage their take-up, although over time these bays will revert to standard tariffs.

The Council, in conjunction with Hertfordshire County Council as Highway Authority, will also consider the case for on-street electric vehicle charging points where this is regarded as viable, practical and necessary.

- 6.45 The Council expects to see a significant electrification of the vehicle fleet over the life of this Strategy. Government guidance relating to on- and off-street parking for electric vehicles is being updated to guide the prioritisation of the rollout of charging infrastructure and put in place a financially sustainable model for charging infrastructure. The Council will ensure that the detailed guidance is kept under regular review in the *NHDC Parking Operational Guidelines*.
- 6.46 The Council will also consider with Hertfordshire County Council the case for on-street electric vehicle charging points where this is regarded as viable, practical and necessary.

## ***Employee parking***

### **Policy 17 – Employee parking schemes**

The Council will consider proposals from employers and other organisations such as the BIDs representing employers in any of the town centres in the district for an employee parking scheme. The criteria for an employee parking scheme are set out in the relevant section of the *NHDC Parking Operational Guidelines*.

- 6.47 The town centre management organisations in North Hertfordshire have highlighted the affordability of long-stay parking as of concern. The retail and leisure sectors have a large proportion of employees on or near the minimum wage, for whom the long-stay parking tariffs represent a significant proportion of their net earnings. Furthermore, the increasing use of flexible, part-time and zero-hour contracts means that employees on lower wages are less likely to be able to take advantage of season ticket discounts.
- 6.48 The Council will consider employee parking schemes proposed by town centre BIDs or employers if they fulfil certain criteria as set out in the *NHDC Parking Operational Guidelines*, including consideration of impact on sustainable travel alternatives.

## **7 Residential and other non-Town Centre Areas**

- 7.1 One important theme from the Phase 1 and 2 parking review studies undertaken in the NHDC town centres and Knebworth was the growing commuter parking issue around the railway stations.
- 7.2 In addition to rail-based commuters, in some areas of NHDC, parking pressure from people employed in the town centres is also an issue on residential streets, and the controlled parking policies set out below will be applicable to both commuter and employee parking issues.

## ***Commuter Parking***

### **Policy 18 – Commuter parking**

In locations which meet the criteria and provide the evidence as set out in the relevant section of the *NHDC Parking Operational Guidelines*, the Council will consider measures to manage commuter parking demand and supply through a combination of demand management, parking controls and additional commuter parking capacity.

- 7.3 The top priority for the Council and relevant stakeholders such as Network Rail and the train operating companies should be to reduce parking demand at stations by increasing the potential for mode shift to public transport, walking and cycling, and investigating whether bus services or new demand-responsive

transport services<sup>12</sup> could provide access from nearby villages to stations at a competitive price and viability.

7.4 Following consideration of the needs for sustainable transport as described in 7.3 above, the following measures may also be appropriate at some stations:

- Where capacity is available, the Council can allow rail commuters to use existing under-utilised NHDC car parks near stations with a competitive pricing strategy. Rail commuters can be considered as a distinct market segment, and commuter spaces can be marketed and branded separately from other season ticket holders.
- The Council can expand CPZs further while providing some on-street commuter bays in appropriate locations where residents have off-street parking and where these bays can be accommodated safely (as set out in policy 19 and the associated Operational Guidance). These spaces could be marketed and paid for using existing or new systems.
- The Council will continue to work with station operators to provide more car parking around stations or provide more car parking on Council-owned land if available.

### ***Controlled parking***

#### **Policy 19 - Identifying On-Street Parking Problem Areas and Potential Solutions**

The Council will publish and update its guidance for residential parking controls as part of the NHDC Parking Operational Guidelines. This provides guidance to assist residents, local councillors and relevant stakeholders in assessing on-street parking problem areas, how to provide evidence to the Council of issues, early consultation and identifying potential solutions including parking controls.

The Council will continue to implement measures to manage on-street parking in accepted problem areas, subject to funding availability and according to a regularly updated and prioritised programme of work.

7.5 The District Council has been managing on-street parking controls for a number of years and has considerable experience of the most appropriate way of addressing parking issues in residential areas. The agreement that the Council has with Hertfordshire County Council permits the District Council to implement Traffic Regulation Orders (TROs) that provide for parking, mainly in the form of Controlled Parking Zones (CPZs).

7.6 The Council now manages CPZs that cover a large proportion of the residential areas of Hitchin, Letchworth Garden City, Baldock and Royston, as well as

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<sup>12</sup> A range of transport services that are enabled by technology and can be adapted to customers' need are collectively termed Mobility-as-a-Service. While many of these services are being trialled in large urban areas, some may also prove to be beneficial around small towns with little scheduled public transport. These could include everything from demand-responsive minibuses, 'ride-sharing' platforms such as Uber, or car/e-bike/bike share systems operating either with fixed stations or as dockless systems.

several streets in Knebworth. The Operational Guidelines linked to this Strategy addresses the ongoing management of CPZs. It sets out the policies for establishing new CPZs, or reviewing existing CPZs, with a view to establishing a financially sustainable system where CPZs and other on-street parking are self-financing.

- 7.7 Other TROs are implemented from time to time in the districts that are mainly to do with preventing parking and/or promoting safety and public amenity. Whilst the District Council may enforce these types of parking restrictions, they remain the responsibility of Hertfordshire County Council to implement.
- 7.8 The overall aim is to minimise the effects of on-street parking upon road safety, bus operations, congestion and the environment. The general principles of an area wide approach and detailed guidance on criteria to determine specific solutions on a street-by-street basis are contained in the residential parking controls section of the *NHDC Parking Operational Guidelines*.
- 7.9 The provision of CPZs has previously been focussed on removing non-residential car parking in residential areas, normally long-stay and mainly associated with commuters, employees and town centre users. The CPZ's implemented to date have been successful in achieving the removal of non-residential parking, and this has also supported policies encouraging sustainable travel. However, experience over the last few years has shown that:
- Non-residential parking problems migrate, not always to the most likely areas;
  - Controlled Parking Zones are expensive with regard to design, implementation, maintenance and enforcement.
  - There are potentially other ways of managing non-residential parking that may be as effective in terms of removing non-residential parking but not being as costly to implement and manage as CPZs. This could include retaining some on-street parking (which can often function as a traffic-calming measure), and potentially charging for some long-stay on-street parking in appropriate locations.
- 7.10 In considering areas for parking control the Council will need to consider the wider implications of any parking restrictions for all road users. The Council will also identify whether there is any scope for delivering parking improvements in conjunction with other highways works being undertaken, for example, maintenance or safety engineering schemes.
- 7.11 In order to implement measures to support residents' or businesses parking, the Council will continue to seek their support before moving to implementation. The Council seeks to ensure that Traffic Regulation Orders (TROs) are used in a way that is as clear and simple for users as it can be.
- 7.12 Where residents, local councillors and/or relevant stakeholders believe that action to control parking in non-town-centre locations is needed, they should consult the relevant section of the *NHDC Parking Operational Guidelines*. This document provides practical advice on gathering evidence about parking stress, how to identify the appropriate area for public consultation, recommends methods of consulting residents and businesses, required thresholds of support and



criteria to be applied in identifying problem areas. Where it can be shown that these criteria are met, the Council will investigate the issue and subject to available resources consider working with the promoters in identifying potential solutions.

- 7.13 When assessing the case for changes to controlled parking areas, residential amenity is not the sole criterion that NHDC needs to consider- other issues such as the needs of local businesses and safety are also important considerations. While controlled parking is used to restrict use of residential streets for parking by non-residents, its purpose is not to guarantee each resident an on-street parking space in front of their property. In some streets with little off-street parking, it is simply not possible to allocate controlled parking areas to meet the demand from all residents.
- 7.14 The Council operates a programme of work that is agreed by the Director of Regulatory Services in consultation with the Executive Member responsible for Transport. The work programme is regularly reviewed and prioritised according to the severity of the issue at hand, available funding and resources. Where appropriate the Council will investigate other ways of seeking funding and resources to implement the work programme. This could be by way of planning obligations through development schemes within a local area or through the Hertfordshire County Councillor Locality budgets.

#### **Policy 20 - Small-Scale Parking Improvements**

The Council will keep under review an implementation programme, subject to funding and resources availability, of small-scale parking improvements in locations where parking is hindering service and emergency vehicle access or public transport operations or is having other significant impacts as set out in the *NHDC Parking Operational Guidelines* for this policy.

Parking issues that are largely safety related will be referred to Hertfordshire County Council to address.

- 7.15 There are a number of other smaller scale issues associated with providing or managing on-street parking that are not area wide. The Council is aware of many of these and maintains a list of potential schemes as part of its programme of works, and recognises that from time to time additional problem locations will be added and this list will need to be flexible enough to respond to changes. Whilst the Council has no specific budget to deal with these small area issues, it will still monitor the issues as they may form part of a larger area issue that it may be able to seek to resolve, or it may be able to implement the schemes as part of a larger scheme.
- 7.16 In addition, the Council is also aware of the environmental impact of on-street parking in some areas (e.g. on verges or footways) and will need to undertake further work to fully investigate this issue to ascertain the authority responsible and options with regard to resolving any long-term issues.
- 7.17 Many of the smaller scale issues identified including any future work on verge and pavement parking will need to be implemented by Hertfordshire County

Council either in full or in partnership with the District Council. Agreement on a programme for these measures will be made with the County Council.

#### **Policy 21 - Review of Existing Controlled Parking Zones**

The Council may as and when circumstances require, review an existing CPZ in order to determine whether it remains 'fit for purpose'. In consultation with relevant stakeholders, a programme for amending such CPZs will then be drawn up where it is considered appropriate to do so.

- 7.18 From time to time the Council may seek to conduct a review of one or more CPZs. Reviews will consider how well they operate, whether a CPZ is the most appropriate way of addressing parking issues and whether a zone needs to be amended in any way. Where the take up of residents' permits is lower than originally planned, the cost to the Council of managing these areas may justify a review. This review will also consider if there is available capacity for charged on-street parking within the CPZ area as that would contribute to the costs of its management.
- 7.19 Part of the review process will include the pricing of residents' permits and potential concessions on permits as well other issues such as whether to increase prices for multiple car owning properties or restrict the number of permits available per property as is standard practice in other Local Authorities.

#### **Policy 22 – On-Street Disabled Badge Holder Parking Bays**

Applications for on-street Disabled Badge Holder parking bays will be directed towards Hertfordshire County Council where applications will be assessed on case-by-case basis and the assessment will focus on eligibility criteria as well as site specific circumstances.

- 7.20 With increasing numbers of cars parking in the district's streets, many residents experience difficulty parking close to their homes. Whilst all drivers can suffer inconvenience at times, disabled drivers are more seriously affected. In recognising the special needs of disabled drivers, NHDC in consultation with HCC seeks to assist those who are most disadvantaged by mobility problems. Requests for providing on-street Disabled Badge Holder Parking bays adjacent to residential properties are referred to Hertfordshire County Council. Applicants should refer to the HCC website<sup>13</sup> for more information on the eligibility criteria and application process.

#### **Policy 23 – Sale of Permits to Non-residents in Controlled Parking Zones**

The Council may consider selling permits to non-residents in Controlled Parking Zones. A decision on whether to sell permits to non-residents will be made based

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<sup>13</sup> <https://www.hertfordshire.gov.uk/services/highways-roads-and-pavements/changes-to-your-road/disabled-parking-bay/disabled-parking-bay.aspx>

on evidence of available spare capacity and in consultation with relevant stakeholders including Hertfordshire County Council as Highway Authority, having regard to the criteria set out in the relevant section of the *NHDC Parking Operational Guidelines*.

- 7.21 The Council recognises that where CPZ's were previously designed to favour residents and exclude commuters or employees and have been successful, this has in some cases resulted in under-utilised road space where there is very little use of the available on-street space during the day. In several CPZ zones the take up of permits is low and the net effect is increased cost to the Council to manage these zones, due to lower than required income to cover costs and spare space in locations where demand for parking would be high if left unrestricted. Each zone is different and site-specific circumstances also have an influence on spare space (e.g. number of dropped kerbs).
- 7.22 There is potential to sell permits to non-residents in each zone on a managed basis. This will help cover costs, reduce migration of parking and keep resident permit prices lower than might otherwise be the case.
- 7.23 Residents in CPZs may be concerned that the return of non-residents could in particular cases negate some benefits of the controls, particularly as they pay an annual sum for their permits. Any such proposals will need to carefully consider how such provision might affect CPZ benefits, and how these could help cover the cost of permit schemes and, therefore, help keep resident permit prices down.
- 7.24 The policy set out above seeks to cover the whole district but each case will need to be considered on its merits. The guiding principle is to promote residents' parking. It is intended that the policy applies to all existing and any future permit parking schemes. The policy should not be applied in a way that conflicts with other policy aims such as the promotion of safe conditions for walking and cycling.

## 8 Parking at new developments

### Policy 24 – Parking at New Development and Existing Controlled Parking Zones

The Council will continue to adopt and periodically review their Supplementary Planning Document *Parking Standards at New Development* on parking policy and standards for new development. The Council will consider the need for including residents of new developments in existing CPZs on a case by case basis, with reference to the criteria set out in *the NHDC Parking Operational Guidelines*.

- 8.1 The Council has Supplementary Planning Document (SPD) guidance on the parking policy and standards to be applied to all new development, *Parking Standards at New Development*. This will be reviewed from time to time to reflect changing development pressures and demand for parking of all types, including cycle and powered two wheeler parking.

- 8.2 As the provision of CPZs and the number of brownfield sites developed within urban areas have increased, the pressure for parking space in CPZs from new developments has intensified. The Council considers that all new development should, as far as possible, be self-sufficient in providing for future occupiers' parking insofar as there should be no unacceptable residual demand for parking in CPZs from new development.
- 8.3 Some residual parking on existing streets may be acceptable but where it is considered to add pressure to existing residents' and businesses' parking provision, new development will be required to provide for its own parking and provide a financial contribution towards any impact on adjacent parking control zones in order to protect existing residents' and businesses' parking. In some areas, e.g. residential areas outside of town centres where there is a high dependency on on-street car parking, the Council will seek provision of additional on-site car parking provision at new developments in addition to a range of measures to encourage more sustainable modes of travel in line with LTP4 (2018) policy advice, such as travel plans.
- 8.4 Where new roads are adopted and off-street parking is provided in new development, the Council will work with developers and Hertfordshire County Council to ensure that the detailed design of new development does not create unnecessary parking overspill onto existing streets, especially in areas where there is pressure for parking space. The Council will consider the availability of existing on- and off-street parking space in determining planning applications.
- 8.5 As a result of many 'brownfield' sites being redeveloped adjacent to CPZs the Council faces increasing pressure to issue permits to residents of new development. Each case will need to be considered on its merits and careful consideration will need to be given to the availability of parking space for residential areas that pre-dated the CPZ and have little or no off-street parking.

#### **Policy 25 – Electric Vehicle Charging in New Developments and On-street**

All new development should provide active and passive<sup>14</sup> off-street provision for electric vehicles in accordance with the guidance in the *NHDC Air Quality Planning Guidance* document. The Council will review its Supplementary Planning Document *Parking Standards at New Development* at appropriate times to reflect where appropriate changing requirements including advice from Hertfordshire County Council.

The Council, in conjunction with Hertfordshire County Council as Highway Authority, will also consider the need and viability of on-street charging points. These could potentially be funded by developer contributions, either in the form of planning obligation payments from new developments or the Pollution Damage Costs compensation mechanism included within the *NHDC Air Quality Planning*

<sup>14</sup> 8.22 Active provision refers to provision of an actual socket connected to the electrical supply system that vehicle owners can plug their vehicle into; Passive provision refers to the network of cables and power supply necessary so that at a future date a socket can be added easily. It is significantly cheaper and less disruptive to install the underlying infrastructure for EV charge points during construction than to retrofit later.

*Guidance* document for Major Scale Developments. Grant funding and business arrangements with private companies specialising in the provision of EV charging infrastructure would also represent a means of provision of on-street charging.

- 8.6 The Council supports the use of electric vehicles and it is vital that new development can cope with the expected electrification of the vehicle fleet over the life of this Strategy and beyond. The potential exists to install public on-street charging points. Since any bays would probably have to be reserved for electric vehicles only, the Council will take into account future demand and the loss of general public parking before considering whether to install any on-street bays. The relevant guidance and standards will be kept under regular review in the coming years. The Council also recognises other forms of electrically powered transport such as electric bikes may come forward during the life of this strategy, and therefore will be considered at that time.
- 8.7 The potential for on-street charging points should consider other EV charging point provision as set out in Policy 16.

## SECTION 3: STRATEGIC ACTION PLAN AND DELIVERY

### 9.0 Delivering the Strategy

- 9.1 There are a number of key projects that have been identified through the preparation of the Strategy that could be taken forward in the short to medium term. These are listed in the accompanying Strategic Action Plan, at Appendix A.
- 9.2 The action plan itself is split into two categories: Short-term and Medium-term. The short-term projects are those that can be started and delivered within 1 to 3 years, whereas medium term projects have a longer timeframe and often require additional work to be completed before they can be commenced.
- 9.3 The Council is working against the current background of public spending restraint, where there is competition for allocation of the Council's scarce resources, and this will remain the case for the foreseeable future. In delivering this Strategy the Council will face the challenge of delivering value for money while maintaining and developing the parking function/service so that it remains, and is seen to be, fair, efficient, effective and responsive to change. Opportunities for third party funding will also be explored where considered appropriate.
- 9.4 There will be a number of ongoing parking challenges that the Council will need to address in future years, and careful management will be required to ensure that new parking provision and controls are aligned with the Council's economic, social, planning and transport priorities. It is often the detailed way in which parking policies are applied at the very local, street-by-street, level which requires the most careful consideration and generates most debate.
- 9.5 It will therefore be important that this Strategy remains a living document which adapts to emerging issues and provides a flexible approach to identify opportunities to review the actions and ensure that they become deliverable in the future in the light of available resources.

For further information or if you would like to discuss this Parking Strategy in more detail please contact:

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Strategic Infrastructure & Projects Manager

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More detailed information on car parks, tariffs and Controlled Parking Zones can be found at:

<https://www.north-herts.gov.uk/home/parking>

**APPENDIX A**

**North Hertfordshire District Council Parking Strategy 2019 Strategic Action Plan**

[To be inserted subject to Cabinet Agreement (See Appendix B to Cabinet Report)]

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## NORTH HERTFORDSHIRE DISTRICT COUNCIL PARKING STRATEGY JANUARY 2019

## STRATEGIC ACTION PLAN

Short-term (1-3 yrs)	Medium-term (3-5 yrs)
PS1 Prepare and publish NHDC Parking Operational Guidelines.	PS2a Review and update Action plan and work programme
PS2 Prepare and prioritise a work programme setting out key projects from the Action Plan and to prioritise more local town and district wide parking issues.	
PS3 Subject to suitable business case for introduction of Pay on Foot trial – definition of objectives and evaluation measures for the trial, selection of trial car park, engagement with town centre management, selection of technology and procurement, set up monitoring framework and conduct baseline data collection.	PS3a Subject to successful trial, extension of pay on foot or similar technology at other appropriate council car parks
PS4 On-street parking – review of town centre bays to identify streets for reduction to max 20/30 mins and/or premium spaces and introduction of trial.	PS5a Implement/roll out commuter parking strategy where considered appropriate
PS5 Preparatory work for commuter parking strategy – market research with rail commuters to understand the right price benchmark and what the ‘commuter’ season ticket should include, survey of potential availability of bays.	
PS6 Approach other Hertfordshire districts/boroughs to see if there is appetite for a joint market engagement exercise to look at alternative digital payment platforms.	
PS7 Complete town wide parking reviews for Letchworth and Royston.	
PS8 Review future approach to town wide parking reviews.	
PS9 Review the off street parking traffic regulation orders to accord with the policies in the Strategy.	

Short-term (1-3 yrs)	Medium-term (3-5 yrs)
<p>PS10 Investigate physical improvements to the council multistory car parks to encourage usage – review access and signage to car parks, engagement with town centre management, selection of technology to improve safety and usage, set up monitoring framework and conduct baseline data collection.</p>	

**Part 1:**

**Technical Summary Note of the all Member and Key Stakeholder  
Workshop held on 8 August 2018**

**Part 2:**

**Summary of comments received at the all Member and Key Stakeholder  
Briefing held on 26 November 2018 including further written comments  
received to the Revised Parking Strategy working draft.**

# Part 1: Technical Note

## NHDC Parking Strategy Workshop – 8<sup>th</sup> August 2018



Project No. 16023

August 2018

Client **NHDC**

Author Joe Colclough (Markides Associates)

Authorised AN

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### 1. INTRODUCTION

- 1.1 Markides Associates (MA) held a workshop on behalf of alongside North Hertfordshire District Council (NHDC) to obtain feedback concerning a Phase 2 Parking Study draft document containing a review of the Council's parking strategy.
- 1.2 The following key topic areas were covered in the workshop: (Technical Notes summarising these topics were circulated prior to the workshop)
  1. Payment Methods
  2. On Street Parking
  3. Commuter Parking
  4. Employee Parking
- 1.3 Workshop attendees were split into three groups, each led by an MA representative. Discussion was generated around the topics, which were then fed back to the groups as a whole in a summary session. The attendee list is appended.

### 2. KEY TOPIC AREA SUMMARY

*The following section contains the key points around each of the four topics collected during the discussion and at the summary session.*

#### Payment Methods

2.1 The Phase 2 draft contains the following recommendations:

- Retain existing technology
- Encourage more use of pay by phone/app
- Monitor development for next equipment refresh

2.2 Feedback surrounding these suggestions included:

<b>Payment Method – Main points made in General Session</b>
Pay as you go/Pay on foot is strongly supported as the direction to move towards
Paying on exit could be enforced by ANPR / barriers
The benefit of a reduction in enforcement required was a strong positive (This would enable enforcement officers to be redeployment to other areas)
Any new system was likely to vary a little across the council, as not all car parks are appropriate for the same technology
Support for moving away from cash towards contactless or other forms of payment, but some concerns were raised about implementing a cashless system for payment, particularly for older citizens
Any app or phone technology must be user friendly and be suitable for use for all ages. The technology should support those who park in town centre locations as well as on- street including within CPZ's.
The surcharges that alternative platforms such as RINGO make on top of the parking fee are not popular. The existing RINGO platform that is used by some car parks in NHDC was described as not user friendly by some, others supported and found the platform easy to use. This platform is also used in adjacent districts
Certain car parks e.g. Multi Storey would still require some form of human interaction to increase sense of safety and awareness.
Concerns were raised about DVLA records that couldn't be used to enforce car parking that wasn't on-street

In addition, the following points were also made in individual group discussions.

<b>Payment Method – Other points made in individual groups</b>
Pay on foot principle should be tested on certain car parks, concerns were raised about its impact on turnover. Locations recommended for testing included edge of town centre car parks (Lairage in Hitchin, Garden Square in Letchworth and Royston Town Hall). Through testing, monitoring of occupancy should be collected to give more detail on numbers of free spaces.
Pay and Display doesn't have a future within the NHDC car parks
Frequent and casual car park users must be catered for
Pre-loaded payment cards could be used and topped up

## On Street Parking

2.3 The Phase 2 draft contains the following recommendations:

- Recommendations is to trial payment for 'premium' on-street spaces using pay by phone/app
- Suggested locations for trials include core shopping streets with the lowest duration of stay and highest turnover

<b>On Street Parking -Main points made in General Session</b>
Mixed views – some support for charging in 'premium' areas, but 2 of 3 groups didn't want any charging because of the likely impact on the local economy. (Latter would like retention of existing free bays with continued enforcement).
If implemented should be trialled in a variety of areas not just the town centre locations before blanket implementation
Points raised concerning the timing before charging, some support for retaining hour limit with others preferring a shorter 30-minute period
Incentives could be introduced for residents who allow for commuters to use CPZ parking spaces
Payment for on street parking needs to be quick and easy, certain apps seem complex
Fish Hill/Market Place in Royston is confirmed as having some paid on street bay implementation already

In addition, the following points were also made in individual group discussions.

<b>On Street Parking -Other points made in individual groups</b>
General parking behaviour causes conflict and blocks accesses/driveways
Points raised concerning the timing before charging, some support for retaining hour limit with others preferring a shorter 30-minute period
The use of CPZ's across the District is not consistent, with some well used and others with empty streets, there were some views that where streets are empty, sensitive application of paid for parking could be appropriate.
New CPZ's must have clearly defined bays and road markings
Payment for on street parking needs to be quick and easy, certain apps seem complex
Concerns in Hitchin about retailers 'close to the edge' and the negative aspects of paid parking

## Commuter Parking

2.4 The Phase 2 draft contains the following recommendations:

- Encourage sustainable modes/liaise with train operators

- Knebworth – needs larger CPZ, but will be costly, burden on residents – suggest some paid on street commuter use to off-set costs
- Encourage commuter use of Woodside in Hitchin, Garden Square in Letchworth Garden City and Town Hall in Royston.

<b>Commuter Parking – Main points made in General Session</b>
Station car park overspill leads to parking conflict More spaces are needed at station car park locations
Land availability to develop new parking areas serving commuters is lacking Network Rail is viewed as in control in terms of station car parking <ul style="list-style-type: none"> <li>• Hitchin – discussions were underway with Network Rail, and a new access on the southbound side had potential</li> <li>• Baldock – some opportunities with new development</li> <li>• Letchworth – no potential for new spaces, CPZ expansion may be only solution</li> <li>• It was noted that discussions with NwR on these issues had been ongoing for many years</li> </ul>
Need for a survey concerning commuter travel demand to be conducted
Bus companies could introduce more demand led services to stations through key commuter areas
The costs of station car parking is going to rise in the future, impacts on surrounding streets is unknown Some commuters have reached their limit and actively travel further to reduce parking costs
Some potential for a shift to cycling as an access mode.
General support for schemes that would encourage commuter use of underused car parks Concerns raised about the requirement for enough spaces be kept free for such a use

In addition, the following points were also made in individual group discussions.

<b>Commuter Parking – Other points made in individual groups</b>
The design of certain car parks could be improved to increase the number of spaces and ease of access – (case of Royston, with barriers around trees leading to spaces being underused was mentioned)
Baldock has an opportunity for new commuter parking sites due to large future planned development
Park and Ride services were raised as an idea, but concerns were voiced about patronage and economic viability The idea of smaller shuttle type services from certain car parks was raised

## Employee Parking

2.5 The Phase 2 draft contains the following recommendations:

- Report recommends permitting BID funding schemes
- BID allocates permits to town centre employees with certain priorities
- Shouldn't undermine sustainable travel choices

<b>Employee Parking - Main points made in General Session</b>
The cost and availability of parking is poor for workers
General support for schemes led and funded by BIDS in appropriate locations
Commuters compete with local employees' and take available spaces early on
Any subsidised system would require bays to be available for staff use Some questioning of subsidy due to the feeling that any subsidy is effectively subsidising the (larger) employers and keeping wages low; however, it was also noted that the BID's were funded by businesses
Car parks could implement opening time restrictions to serve workers rather than commuters
Support raised for discounted season worker season tickets Carnet car park tickets for zero hour and part time workers also raised as an idea
Recruitment issues from lack of parking for workers unknown
Developers need to provide enough parking with new residential and commercial schemes
BID managers in favour, with money from businesses helping their own staff But some BID staff suggesting unlikely cooperation from businesses
Schemes would need to be consistent across the District to avoid complexity, although there were other views that different schemes were needed in different towns, and technology could make these available.
Town centre resident parking should not be forced out by worker schemes
Uniformity in charges raised as an issue and emotive topic that could cause problems Parking is already cheaper than bus travel in all towns other than Hitchin, need to keep balance right so as not to encourage more car travel

In addition, the following points were also made in individual group discussions.

<b>Employee Parking - Other points made in individual groups</b>
GDPR raised as issue for employee parking schemes and any income criterion test



## Other general points made

2.6 General points from the discussion around the draft Phase 2 documents also included the following:

- Is the overall strategy revenue or local- economy led?
- Future mode shift is key
- Each town must have unique elements to the strategy and the parking strategy should be integral to the local town centre plans/strategies as they are reviewed
- Electric vehicles and future proofing need to be considered
- Developers need to provide better access to sustainable links and or subsidise improvements to public transport
- S106 contributions should be required and used effectively

## Part 2: NHDC Parking Strategy Review – Comments on November 2018 Working Draft.

Organisation, Councillor and Key Stakeholder Comments	NHDC Officer response
<b>Letchworth Garden City Heritage Foundation</b>	
<b>General</b>	
I think that the Strategy does lack some substance in many areas. It relies on many instances to the Parking Operational Guidelines document, which is not yet in existence. As such it is difficult to understand the implications of the strategy and there is in places there is little to comment on.	The details of how the Council proposes to implement the policy framework on certain policies will be set out the NHDC Parking Operational Guidelines which will also be discussed with Members and key stakeholders. It is the officers view that these guidelines should remain as a separate document which needs to be more flexible and amended more frequently than the existing Strategy in order to reflect and address future parking initiatives and challenges.
There are an awful lot of the use of ‘may’ and ‘will consider’ and no real certainty in places. This makes a clear understanding of the implications of the strategy challenging, but also for an organisation such as the BID and ourselves, difficult to make future plans. We would therefore like to see more substance to this strategy, which can then be tested through consultation.	Experience has been that some flexibility in wording is needed; the Council does not have the resources to deal with all matters reported to it. If there are particular issues where more certainty is required these can be discussed with relevant stakeholders and incorporated, if appropriate, into future action plans
There is a need to encourage alternative modes of transport, which will reduce the need for car parking provision. We are therefore of the view that a separate policy should identify measures to encourage and support public transport, cycling and pedestrians, by ensuring that this is an attractive option for local communities and visitors.	A new objective has been added at paragraph 4.1 (1). relating to the need to balance parking with sustainable travel objectives.
<b>Background section</b>	
In this text we welcome the reference to the economic downturn and the role that parking plays in support of town centres. We would however like to see greater emphasis on the impact that out of town centres have on town centres. This is particularly in Letchworth, where out of town centres gain popularity with retailers, investors and subsequently customers due in part to their provision of free convenient car	Some text added to this section at paragraph 2.4, which acknowledges competition from free parking in out of town retail centres.

parking. We are now faced with the town centres having a poorer retail offer than for example Stevenage and Biggleswade retail parks, which also have better and free car parking facilities.	
<b>Policies</b>	
<b>Policy 1 – Management and resources</b>	
In addition to the policy text, it would be good to see something along the lines of: <i>The Council will help support the vibrancy and viability of town centres by a proactive approach to car parking provision and charging regimes, to ensure that town centres remain competitive.</i>	Noted, Text added to Objective 1 in para 4.1 to reference helping to support the vitality of town centres. Reference to town centres is also covered under paragraph 2.2 and 6.9 in the draft Strategy.
<b>Policy 3 – Physical Improvements &amp; Maintenance of Car Parks</b>	
We request that a programme of improvements is linked to this policy.	Reference to investigating physical improvements to the council multi-story car parks is included as a key project in the Strategic Action Plan within the short term (i.e. in 1 to 3 years following adoption of the Strategy). More detail would be provided in due course following the initial investigation which would be subject to available funding (including third party funding) and discussion with town centre management and relevant stakeholders.
<b>Policy 6 – Charging for Evenings, Sundays &amp; Bank Holidays</b>	
We would strongly object to any charging during these periods. We have invested a significant amount in trying to create and support an economy and activity during the evenings and weekends in the leisure sector, such as in the cinema, theatre, studio & gallery and by encouraging food and drink facilities by way of a proactive approach to lettings. This part of the local economy is still establishing itself, would be harmed by the imposition of further charges and be counter-productive at a number of levels. We would therefore object to this being introduced in Letchworth town centre.	Noted; officers are of the view that the policy remains appropriate given the life of the Strategy, in that it proposes to review these issues in consultation with relevant Members and key stakeholders.
<b>Policy 9 – Charging for on-street parking</b>	
One of the strengths of Letchworth Town Centre is its provision of local services, such as banks and building societies. This relies on free short term parking and again the imposition of charging for on street parking would be harmful to the	Noted; Officers are of the view that the policy is appropriate in that it refers to careful consideration on a case by case basis and in consultation with relevant Members and key stakeholders

strength of the town centre.	
Furthermore, having invested in excess of £9 million into the public realm of the town centre, which included a de-cluttering of the street, we would be concerned about physical additions to the street scene that would be required for charging to take place.	Noted; careful consideration would be taken into consideration in terms of impacting on the street scene, however any signage would need to be provided in accordance with the DfT regulations.
<b>Members and Key Stakeholder Meeting 26<sup>th</sup> November 2018</b>	
Objectives 2 and 3 refer to on- and off-street parking separately, suggest amendment to reflect the interaction between the two and potentially with a general transport policy objective.	Agreed at meeting on 26 November; a new objective has been added at paragraph 4.1 (1) reflecting the need to manage both on- and off-street parking to meet policy objectives.
Add objective relating to sustainable transport/mode shift and balance between this and other objectives	Agreed at meeting on 26 November; a new objective has been added at paragraph 4.1 (1) reflecting the need to manage both on- and off-street parking to meet policy objectives whilst recognising sustainable travel modes and the vitality of town centres as well.
Too much hinges on the operational guidelines	Noted; the adoption of operational guidelines means that it is possible to react quickly to changes in circumstances, this is considered important given the proposed 12 year life of the strategy. The guidelines are intended to set out clear processes by which Members can raise local issues with officers.
Commuter parking should also consider town centre employees parking in residential streets	Clarification text added at paragraphs 7.1 and 7.2. The controlled parking measures relate also to town centre employee parking issues. However, the commuter parking policy, Policy 18, deals specifically with railway station parking.
It is important for the strategy to manage expectations as in some neighbourhoods satisfactory solutions may not be met.	Clarification text to manage expectations has been added in the 'Introduction' at paragraph 1.4 and also under the section on 'Controlled Parking' at paragraph 7.13.
The strategy needs to state explicitly that NHDC will seek to work with external parties (Heritage Foundation, Network Rail)	Clarification text added as a footnote in introduction at paragraph 1.7 and also at paragraph 6.5 in terms of the strategy reviewing parking capacity.
Strategy not clear on what is meant by making provision for more off-street parking. Does this mean new parking areas? This relates to reviewing the use of existing car parks and their capacity. Text to explain this intention more clearly.	Clarification text added at paragraph 6.3.

Definition of “under-utilised” not clear in policy text.	Noted; new footnote number (11) added to paragraph 6.8 for clarity.
If introducing charged parking bays on street, these shouldn’t remove cycle lanes	Clarification text added at end of paragraph 7.24 about not conflicting with other objectives.
Point raised about being ‘fair and equitable amongst towns’ whilst recognising each town is different	Noted; the existing introductory text at paragraph 6.17 sets the rationale for differential pricing between and within town centres.
HCC should also be consulted on the Strategy	HCC have been consulted on the draft Strategy see comments below.
Action plan Need to be clear about length of reviews for towns. It would be helpful to add dates to action plan for everything, which should be realistic and linked to available resources.	Specific action plans for the towns will be prepared in due course, which will include more detail on the dates and durations of parking reviews for the towns.
Action Plan - • Need clear objectives for pay on foot trial.	Clarification text has been added to this action at PS3.
Consideration of town centre uses and their location should be taken into account.	Noted
Need consistency of regulation, don’t mix parking restrictions in same street	The Strategy acknowledges the general principle of making on-street parking as easy to understand as possible. Officers are currently reviewing existing provisions of on street parking restrictions within the town centres
Have some permit areas been ‘over-sold? May want to consider the number of permits issued at the outset.	Noted; the Operational Guidelines will cover the topic of the number of permits issued.
Not clear how the high level action plan will relate to the towns and other areas like Knebworth.	Specific action plans for the towns will be prepared in due course. This forms part of Action PS2 in the Strategic Action Plan.
<b>Royston Town Council</b>	
Against bringing in a parking fee for evenings, Sundays and Bank Holidays, as it is felt that this would have an adverse effect on the restaurant trade of the town, and would stop people from outside the town using the TC facilities. It is felt that this would affect the businesses, and their trade, as a result some may well close down.	Noted; officers are of the view that given the life of the strategy the policy remains appropriate, in that it proposes to review these issues in consultation with relevant stakeholders.
NHDC should, with the County Council, look at Melbourn Street. • There are road improvements in the	Noted; these are specific non strategic issues that will be picked up at a later stage.

<p>pipeline for Kneesworth Street, but what is the point if the traffic speeds up in one road, only to hit congestion when it gets 100 yards round the corner in Melbourn Street</p> <ul style="list-style-type: none"> <li>• A bay should be installed outside the Manor House where the footpath is wider again for HGV use only. The rest of the road should then have double yellow lines that are enforced.</li> <li>• With the current problems on Melbourn Street, bus routes get held up, and so too emergency vehicles. In the rush hours, traffic has been backed up to Priory Lane, and even back on the A10 up London Road, as a direct result of HGVs doing deliveries in Melbourn Street.</li> </ul>	
<p>It is felt that at the Cross the parking spaces on the bend joining the High Street to Upper King Street should be removed, the footpath pushed back, and a parking bay installed for HGVs to deliver. The flower shop and Domino's Pizza are the two main companies that come to mind in this connection.</p>	<p>Noted; these are specific non strategic issues that will be picked up at a later stage.</p>
<p>It is felt that the new estates planned for Royston will add to congestion, as will the vast amount of building being planned for South Cambridgeshire, and currently taking place. One must not forget the expansion of Cambourn, the development planned for Bourne Airfield, Northstow and Waterbeach which alone adds up to 1 new town.</p>	<p>Noted; the Council's Transport Strategy prepared to support the submission Local Plan and the Vehicle Parking Standards SPD will provide the necessary policy guidance for development and management of on-street parking issues.</p>
<p>Modern technology should be installed at The Town Hall and Warren car Parks, where it is possible to use a contactless card to be used for payment, but also allow people who wish to pay by cash to do so. The use of top-up cards could be used for people without contactless cards.</p>	<p>Noted; Policy 4 – 'Off Street Parking Management System' refers to the introduction of parking management systems and payment mechanisms on a case by case basis. An additional paragraph has been included at 6.16 which refer to the potential for cashless payments in the Council off-street car parks.</p>
<p>Smaller car parks in the town centre should remain the same as they are now, unless it is possible to pay in advance by card. It was also felt that a new half hour spot should be introduced for say 40p as against the 70p currently charged for one hour's parking. Our thinking on this is people may only wish to pop into one or two shops, or their bank, yet have to pay for an hour, when they may only need half that time.</p>	<p>Policy 5: 'Off –Street Car Park Tariff Reviews' – recognises that the patterns of parking demand vary between the towns and between car parks. The operational guidelines will provide the criteria for undertaking tariff reviews, which will include monitoring the usage of its car parks and undertake discussions with the town centre managers and relevant organisations to understand the impact of proposed tariff changes, including those put forward by other organisations .</p>

<b>Councillor Responses</b>	
<b>Joint Response from County Cllr Hill and Cllr Hunter and endorsement as Chairman Royston and District Committee.</b>	
<p>The Draft Parking Strategy looks positive, but just to reinforce a few points below It is vital that the points in 6.3 remain in the Strategy, in order to recognise the differences that exist between and in various towns.</p> <p>Fully support the principles of 6.8, particularly bullet point 1.</p>	<p>Noted</p> <p>Noted – this is now Paragraph 6.4 in the final draft</p> <p>Noted – this is now paragraph 6.9 in the final draft.</p>
<p><u>Policy 6 - Charging for Evenings, Sundays and Bank Holidays.</u></p> <p>This could be counter productive and cause further On Street parking issues, particularly in residential areas. It is unlikely to raise significant revenue. In Royston, it is likely that more vehicles will park on the residential roads, causing an even greater problem than already exists. Baldock only has one Council car park and in Letchworth vehicles are likely to park on the streets, or in one of the many cheaper car parks.</p>	<p>Noted; officers are of the view that given the life of the strategy the policy remains appropriate, in that it proposes to review these issues in consultation with relevant stakeholders.</p>
<p>There are references in the Strategy, specifically in <u>Policies 6, 7, 8, 9, 10, 11, 19 and 21</u> to "relevant stakeholders". This needs clarifying to state the stakeholders (for example, Hertfordshire County Council, Area Committees, the Police, Royston Town Council, Town Managers, Royston First, the BIDS, Chambers of Commerce and others).</p>	<p>Noted; reference to 'relevant stakeholders' has been set out at paragraph 1.6 in the Strategy, which includes the examples as suggested.</p>
<p>The Royston and Letchworth Parking Reviews need to be completed imminently. However, it should be recognised that, as future development takes place across the district, there will be ongoing and new parking issues and these should be addressed as the needs arise.</p> <p>It is important to liaise with Hertfordshire County Council, Highways England and the Police, together with other councils, including cross border.</p>	<p>Noted. The Strategic Action Plan lists the completion of the Letchworth and Royston Parking reviews as key projects (Action PS7) within the short-term, i.e. 1 to 3 years following adoption of the Strategy.</p> <p>Policy 24: 'Parking at New Development and Existing Controlled Parking Zones' recognises the need to review the current Parking Standards at New Development SPD to reflect changing development pressures and demand for parking in new developments and surrounding streets. It is also acknowledged that the parking strategy and its action plans should be kept under review during the 12 year period as technological and transport patterns change over time and development pressures</p>

	need to addressed.
<b>Cllr Brown and Cllr Nash</b>	
I am concerned that para 6.32 Charging for on-street parking does not reflect the general consensus of members' discussions during the Parking Strategy workshop held in November. Although I understand the logic for charging a premium for parking which has the highest demand, in practice charging for very short stay on street parking will prevent people from popping in to use local shops and facilities at a time when we need to do all we can to encourage town centre shopping.	Noted; (now paragraph 6.34 in final draft) - officers are of the view that Policy 9: 'Charging for On-street Parking' remains appropriate, in that it proposes to review these issues in consultation with relevant stakeholders. The operational guidelines will provide the criteria for considering and introducing on-street charging.
<b>Hertfordshire County Council Comments</b>	
<b>General</b>	
Hertfordshire County Council draw attention to the fact that we have recently adopted Local Transport Plan 4 (LTP4). This document sets out the long-term transport strategy for the County to accommodate the levels of housing and employment growth being identified by the District Councils in their emerging Local Plans. LTP4 provides a framework to guide all our future transport planning and investment. It highlights both existing and future transport problems and issues and identifies ways we can deal with them. LTP4 accelerates the transition from a previous transport strategy that was largely car based to a more balanced approach which caters for all forms of transport and seeks to encourage a switch from the private car to sustainable transport (e.g. walking, cycling and passenger transport) wherever possible. The principles of this document should be considered in the strategy.	Noted; LTP 4 is referenced in the 'Policy context' section of the Strategy at Section 3 and also under the 'Policy Framework' where considered relevant. .
HCC welcomes the Strategy and its overall vision and objective and is encouraged that there is a commitment to cycling and walking in the major town which is set out in the Strategy's principles in section 6.8	Noted.



<b>Background to the Strategy</b>	
Para 2.1 - Querying wording choice - not sure how parking availability contributes towards the attractiveness of an area.	Noted; text at paragraph 2.1 amended for clarity, and refers to how the design and layout of parking can affect the quality of place of residential areas.
Para 2.2 - The key aspects of parking management are not well represented in the policies – this needs to be better incorporated.	No examples were given by HCC with regard this comment, officers and the executive member have reviewed the strategy and are of the view that the three key elements described are appropriate and are reflected in the Strategy 'Objectives' and through the 'Policy framework'.
<b>Policy context</b>	
Para 3.4 - Hertfordshire County Council are developing the North Central Growth and Transport Plan which will replace the Urban Transport Plan	Noted; text amended for clarity – now refers to the emerging North Central Hertfordshire Growth Transport Plan.
<b>Objectives to the Strategy</b>	
Parking Strategy Objectives – these need further work Objective 1 refers to striking a balance between different demands for parking, but it is also about balancing demand with a need to enable more active travel as per Section 2.2  Objective 3 requires similar context as above and balanced against section 2.2	A new objective has been added at paragraph 4.1 (1). relating to the need to balance parking with sustainable travel objectives.  Officers believe this is now covered in objective 1.
<b>Policies</b>	
Para 6.25 - Does commuter parking fall under Long stay	Yes, added to 4 <sup>th</sup> bullet for clarity (now paragraph 6.27 in final draft)
Para 6.26 - Need further understanding into what the demand is. There should be an approach similar to Policy 1 of LTP4 which seeks to satisfy demand through a hierarchical approach focussed on enabling more sustainable travel with creation of car parking spaces being the last resort.	(Para 6.25 is now paragraph 6.28 in final draft) Noted; it is important to ensure the vitality of the town centres and therefore a careful balance needs to be struck between making provision for on-street parking together with encouraging more sustainable modes of travel over time. Policy 8 – 'On Street Parking Provision' and paragraph 6.29 have been amended to include reference to sustainable travel.

<p><u>Policy 2 – off-street car park capacity in town centres</u> Should not undermine efforts to promote sustainable transport. This can be managed through supply and pricing mechanisms.</p>	<p>Noted, the policy already contains text referring to the need to consider the needs of sustainable transport. Reference to LTP 4 is added to the 2nd bullet point at paragraph 6.9 which lists a set of principles that the Council will consider when making provision for town centre parking.</p>
<p><u>Policy 8 – on-street parking provision</u> Should be managed in a way which does not undermine use of sustainable modes. Management and enforcement should be targeted to ensure that efficient operation of bus services can be achieved and can be used as a tool to support bus priority.</p>	<p>Noted; text added to Policy 8 reflecting the objectives in Policy 2 including sustainable travel Text also added within Policy 8 relating to the needs of bus operations.</p>
<p><u>Policy 9 – Charging for On-Street Parking</u> Para 6.28 is correct but the paragraphs following this seem to create some ambiguity about how the issue will be addressed. The Policy and supporting text does not commit to how, when and where changes will be applied. Retaining any free bays in town centre will continue to encourage people to drive into the centre to look for a free space. However, agree that there should be charging for on street parking close to town centres.</p>	<p>Noted. (Paragraph 6.28 is now paragraph 6.30 in the final draft) The detail of how this is proposed to be achieved will be set out in the Parking Operational Guidelines. Officers are of the view that that an incremental process is required to ensure stakeholder support on this issue.</p>
<p><u>Policy 13 – powered two-wheeler and bicycle parking</u> Generous provision should be made for secure, short and long-term cycle and powered two-wheeler parking to promote sustainable modes of travel.</p>	<p>Noted; text added to the end of paragraph 6.40 making reference to the need for additional cycle parking. Reference also made within Policy 13 to ‘..and/or new development proposals..’ as also being an appropriate mechanism for making provision for cycle parking. For consistency text has also been added to paragraph 8.1 under Policy 24 which refers to Parking at New development SPD..</p>
<p><u>Policy 15 – bus, coach, HGV and caravan /trailer parking</u> Bus and coach operators should be consulted in the preparation of plans for bus and coach parking.</p>	<p>Noted; added to paragraph 6.44 for clarity.</p>
<p><u>Policy 16- electric vehicle charging in town centres,</u> Charging in town centres needs further</p>	<p>Noted, text added to Policy 16 and to paragraph 6.46</p>

work/understanding as this cannot be delivered without HCC agreement.	referencing HCC.
<u>Policy 17 – employee parking schemes</u> Should support and not undermine delivery of sustainable travel. This needs to be considered and be in line with HCC travel plan guidance.	Noted; paragraph 6.48 refers to the Parking Operational Guidelines which will set out the criteria for consideration of this issue including comparison with local bus fares.
<u>Policy 18 – commuter parking</u> Agree with the majority of the principle outlined but this will need to be reviewed on a case by case basis.  Para 7.3 – the last point contradicts encouraging sustainable journeys to the station, it should not undermine delivery of sustainable travel.	Noted. (paragraph 7.3 is now paragraph 7.4 in the final draft). New text has been added to the beginning of paragraph 7.4 to remove perceived ambiguity taking into consideration the needs for sustainable transport. .
<u>Policy 19 – identifying on-street parking problem areas and potential solutions</u>  <u>Policy 20 – small-scale parking improvements</u>  Opportunities should be taken to tackle problem parking which would alleviate the flow of bus services, in support of the emerging Intalink Bus Strategy	Noted; added ‘or public transport operations’ to policy 20 and ‘.. bus operations..’ in the supporting text at paragraph 7.8 under Policy 19.
<u>Policy 23 – Sale of Permits to Non-residents in Controlled Parking Zones</u> Further discussions need to be had with HCC to understand these proposals as the information within this policy is too vague to determine if acceptable or not.  This policy undermines the efforts to promote sustainable transport as per LTP4.	Noted, reference to HCC is added to Policy 23 to ensure HCC views are taken into account.
<u>Policy 24 – parking at new developments and existing controlled parking zones</u> Should support and not undermine delivery of sustainable travel through travel plans, in line with county council travel plan guidance.  HCC agrees that in a vast majority of cases new development should not lead to additional demand to park in surrounding roads. However, in certain circumstances smaller development proposals, such as house extensions and in fill	Noted; sustainable transport will be considered as part of any review of the Parking SPD. Text added to the end of paragraph 8.3 setting out how the Council may address parking at new developments in residential areas outside town centres where there is a high dependency of on-street parking, taking into consideration sustainable modes of travel.

<p>arrangements, may not be in a position to provide sufficient off-street parking. In theory this will lead to lead to additional pressure to park on-street. In some situations, this may be acceptable. Where availability of on-street parking is limited we support a policy that resists further development or effectively removes the option to park by preventing future residents from applying for CPZ permits. Insufficient on-street parking often leads to obstructive or nuisance parking. HCC's emerging parking design guidance includes industry standard methods of establishing on-street parking capacity which in some cases may help by providing an objective assessment of parking pressure.</p>	
<p><u>Policy 25 – electric vehicle charging in new development and on-street</u>  Hertfordshire County Council supports the principle of electric charging points, however our advice on type/purpose of infrastructure and suitability of locations needs to be reviewed in line with HCC's current position.</p> <p>In addition, the strategy would benefit from reference to electric bikes. Electric bikes are growing in popularity. The project <a href="http://cycleboom.org">http://cycleboom.org</a> may have some useful information. The strategy should consider and set a basis for planning infrastructure to support use of electric bikes (including in new developments, workplaces, and public facilities/hubs). Charging facilities should also be available for the electric bikes.</p>	<p>Noted; reference to HCC is added to Policy 25 to ensure HCC views are taken into account.</p> <p>Paragraph 8.6 amended to include reference to other forms of sustainable transport such as electric bikes.</p>

**CABINET  
29 JANUARY 2019**

**PUBLIC DOCUMENT**

**TITLE OF REPORT: REGULATION OF INVESTIGATORY POWERS ACT ANNUAL  
POLICY REVIEW**

REPORT OF: LEGAL REGULATORY TEAM MANAGER

COUNCIL PRIORITY: PROSPER AND PROTECT / RESPONSIVE AND EFFICIENT

**1. EXECUTIVE SUMMARY**

1.1 This Report reviews the Council's Regulation of Investigatory Powers Act ('RIPA') Policy (the 'Policy') so that the Council's use of RIPA is compliant with the law.

**2. RECOMMENDATIONS**

2.1 That Cabinet approve the amended Policy contained at Appendix A.

**3. REASONS FOR RECOMMENDATIONS**

3.1 To bring the Council's RIPA Policy up to date.

**4. ALTERNATIVE OPTIONS CONSIDERED**

4.1 None.

**5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL  
ORGANISATIONS**

5.1 The draft Policy (as amended) was also presented to the Overview and Scrutiny Committee for noting.

**6. FORWARD PLAN**

6.1 Even though this is not a key decision it was first referred to in the Forward Plan on 12 December 2018.

## **7. BACKGROUND**

- 7.1 The Council's current RIPA Policy was approved by Cabinet on 27 September 2016 and updated under delegated authority on 31 July 2018 to reflect the Senior Management restructure<sup>1</sup>. The RIPA Policy must be reviewed annually.
- 7.2 Training is being arranged for new relevant Authorising Officers and the Designated Person for Communications Data.

## **8. RELEVANT CONSIDERATIONS**

### **8.1 Annual Review**

- 8.1 The last full review of the policy was undertaken in 2016. Since that review the Home Office has issued new Codes of Practice in August 2018, namely the Covert Surveillance and Covert Human Intelligence Sources Codes of Practice, and the Code of Practice for Investigation of Protected Electronic Information.
- 8.2 Since the last full review in 2016, the Home Office issued new Codes of Practice in August 2018, namely the Covert Surveillance and Covert Human Intelligence Sources Codes of Practice, and the Code of Practice for Investigation of Protected Electronic Information.
- 8.3 The Home Office also published a revised Code of Practice on Covert Surveillance and Property Interference at the same time, which addressed the position with regards to Social Media Sites.
- 8.4 The Annual Review refers to these updated Codes of Practice, ensuring that the Council's policy is compliant with the current legislative landscape.
- 8.5 Other than those changes relating to the above, the most notable amendments to the Policy are:
- Extended consideration of overt surveillance, taking into account Home Office Guidance (page 6)
  - OSC Guidance note on handling of CHIS's (page 8)
  - Reference to the National Anti-Fraud Network Single Point of Contact service (page 15)

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<sup>1</sup> <https://www.north-herts.gov.uk/sites/northherts-cms/files/Employee%20Gifts%20and%20Hospitality%20and%20RIPA%20Policies%20-%20Minor%20Amendments%20-%2031.07.18.pdf>

- Excerpt from the new Home Office Revised Code of Practice on Covert Surveillance and Property Interference regarding Social Networking Sites (pages 21 – 22)

8.6 Another recent development is the introduction of the Investigatory Powers Tribunal Rules 2018, which came into force on 31 December 2018. These rules set out procedures and practices to be adopted by the Investigatory Powers Tribunal including procedures for a new right of appeal. It is not feasible to reproduced the rules in their entirety within the Policy, they can however be accessed here (<http://www.legislation.gov.uk/uksi/2018/1334/introduction/made>)

8.7 The Office of Surveillance Commissioners was abolished on 1 September 2017 and its powers taken over by the Investigatory Powers Commissioner’s Office (the “IPCO”). The updated policy therefore makes reference to the correct body throughout.

## **9. LEGAL IMPLICATIONS**

9.1 The Council’s Constitution at paragraph 5.6.1 states that the Cabinet may prepare and agree to implement policies and strategies other than those reserved to Council.

## **10. FINANCIAL IMPLICATIONS**

10.1 There are no financial implications arising from this Report.

## **11. RISK IMPLICATIONS**

11.1 It is important that the Council continues to operate in accordance with RIPA to ensure that it is able to effectively manage its reputational risk whilst also exercising its legitimate evidence gathering powers in connection with enforcement activity.

## **12. EQUALITIES IMPLICATIONS**

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

12.2 The contents of this report do not directly impact on equality, in that it is not making proposals that will have a direct impact on equality of access or outcomes for diverse groups.

## **13. SOCIAL VALUE IMPLICATIONS**

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

**14. HUMAN RESOURCE IMPLICATIONS**

- 14.1 The officer involvement required to comply with these statutory obligations are factored into service plans and work plans.

**15. APPENDICES**

- 15.1 Appendix A – RIPA Policy ‘clean’ version.
- 15.2 Appendix B – RIPA Policy *showing tracked changes*.

**16. CONTACT OFFICERS**

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**17. BACKGROUND PAPERS**

- 17.1 None, other than the documents referred to above.



# APPENDIX A

**NORTH HERTFORDSHIRE DISTRICT COUNCIL  
REGULATION OF INVESTIGATORY POWERS ACT  
2000 (RIPA)**

**POLICY & PROCEDURES**



# REGULATION OF INVESTIGATORY POWERS ACT 2000

## POLICY AND PROCEDURES

### CONTENTS

	Page
1. Introduction and Background	3
2. Surveillance	5
3. Exclusions	8
4. Grounds for Surveillance	9
5. Acquisition and Disclosure of Communications Data	10
6. Procedure to obtain a RIPA Authorisation	12
7. Magistrates' Court Approval	13
8. Duration of Authorisations	13
9. Authorising Officers	13
10. Working with/ through other agencies	17
11. Record Management	18
12. Recorded Material Obtained During Investigation	19
13. Social Networking Sites	20
14. Training	22
15. Elected Member Involvement	23
Appendix A Flow Chart of RIPA Process	
Appendix B Authorising Officers	
Appendix C Forms	

## 1 INTRODUCTION & BACKGROUND

- 1.1 This Policy is the framework on which the Council applies the provisions of The Regulation of Investigatory Powers Act 2000 (RIPA) as it relates to covert surveillance. It must be read in conjunction with the statutory codes of practice issued by the Secretary of State and any additional guidance provided by Investigatory Powers Commissioner's Office (IPCO) (formerly the Office of Surveillance Commissioners – OSC) and individual Directorates to deal with the specific issues of their service.
- 1.2 For the avoidance of doubt, all references to the Home Office Codes of Practice relate to the latest versions which were issued in August 2018 in relation to covert surveillance and covert human intelligence sources; and 2016 in relation to the acquisition and disclosure of communications data. References to the OSC Procedures and Guidance document relate to the latest version which was issued in July 2016
- 1.3 The Human Rights Act 2000 requires the Council to have respect for the private and family life of citizens. However in rare cases, it may be lawful, necessary and proportionate for the Council to act covertly in ways that may interfere with an individual's rights.
- 1.4 The rights conferred by Article 8 of the Human Rights Act are qualified so it is still possible for a public authority to infringe those rights providing the following criteria are satisfied;
- 1.4.1 **It is done in accordance with the law**
- 1.4.2 **It is necessary:** Necessity means that in the particular circumstances of each enquiry there is no reasonably available overt method of obtaining the information that is being sought. This test will have to be applied to each case on its own merits but if there is a reasonable alternative to covert surveillance then the necessity test will probably not be satisfied.
- 1.4.3 **It is proportionate:** Judging proportionality will probably involve three considerations.
- Is the proposed method of surveillance excessive in relation to the seriousness of the matter that is being investigated? Is it proportional to the mischief under investigation?
  - Is there a reasonable available alternative method of investigation that would be less intrusive of privacy rights? i.e. It is the only option, other overt means having been considered and discounted.
  - Can collateral intrusion be avoided, and is the surveillance proportional to the degree of anticipated intrusion on the target and others? In addition to the subject there may be a possibility that the privacy rights of a third party may be infringed during surveillance.
- 1.5 It is possible that unauthorised surveillance will be a breach of a person's right to privacy under Article 8. Even if surveillance without due authorisation

in a particular instance is not illegal, if authorisation is not obtained, the surveillance carried out will not have the protection that RIPA affords.

- 1.6 If the correct procedures are not followed:
  - The authorisation will not take effect as it will not be approved by the Magistrates Court if there are not reasonable grounds
  - Court proceedings that rely upon the information obtained by surveillance may be undermined
  - A complaint of maladministration may be made to the Ombudsman
  - The Council could be the subject of an adverse report by the Investigatory Powers Commissioner's Office
  - A claim could be made leading to the payment of compensation by the Council
- 1.7 Through the application of authorisation procedures and Magistrates Court approval RIPA ensures that a balance is maintained between the public interest and the human rights of individuals.
- 1.8 RIPA does not;
  - Make unlawful anything that is otherwise lawful
  - Impose any new statutory duties (N.B. but see paragraphs 1.5 –1.7 on the possible consequences of non compliance)
  - Prejudice or disapply any existing powers available to the Council to obtain information by any means not involving conduct that is governed by RIPA. (For example it does not affect the Council's current powers to obtain information from the DVLA or the Land Registry).
- 1.9 If the RIPA procedures are followed correctly the conduct of an investigation will be deemed lawful for all purposes (section 27 RIPA). This protection extends to criminal and civil proceedings, Employment Tribunal hearings and a complaint to either the Local Government Ombudsman or the Investigatory Powers Tribunal. It therefore provides protection both for the Council and any officer who may have been involved in an investigation.
- 1.10 It is important to note that the legislation does not only affect directly employed Council staff. Where external agencies are working for North Hertfordshire District Council, carrying out the Authority's statutory functions, the Authority remains liable for compliance with its duties. It is essential that all external agencies comply with the regulations, as they are contractually obliged to do so. Therefore, work carried out by agencies on the Council's behalf should be properly authorised by one of the Council's designated Authorising Officers and requires Magistrates Court approval. Authorisation for surveillance should not be sought on behalf of another statutory or other organisation or agency. The advice of the Monitoring Officer should be sought in the event of uncertainty.
- 1.11 Applications to the Magistrates' Court for approval of an authorisation must be made in accordance with the requirements of the Court.
- 1.12 The use of the powers conferred by RIPA is subject to scrutiny by the Investigatory Powers Commissioner's Office, which carries out periodic

inspections of the Council's practices and procedures. Furthermore RIPA also provides for the establishment of a Tribunal to determine complaints about the use of RIPA powers. It is therefore essential that surveillance is always carried out in compliance with RIPA, the policies and codes of practice referred to in this document and any advice or guidance that may be issued from time to time by the Service Director: Legal and Community.

- 1.13 RIPA provides a means of authorising certain acts of covert surveillance for a variety of purposes. To fully understand the effects of RIPA, it is essential to understand the various types of activity that are covered, and those that are not permitted, and the purposes that will justify surveillance.
- 1.14 The provisions of RIPA that apply to Local Authorities provide a regulatory framework that permits;
  - **The use of Directed Surveillance (Part 3)**
  - **The Use of Covert Human Intelligence Sources (Part 4)**
  - **The Acquisition and Disclosure of Communications Data (Part 5)**

## **2. SURVEILLANCE**

- 2.1 Local Authorities and the Police are permitted under RIPA to carry out covert directed surveillance and to use covert human intelligence sources the definitions for each being as follows;
- 2.2 **"Surveillance"** includes:
  - Monitoring, observing, listening to persons, watching or following their movements, listening to their conversations or their other activities or communications;
  - Recording anything monitored, observed or listened to in the course of surveillance; and
  - Surveillance by, or with, the assistance of a surveillance device, which will include cameras, video, and listening or recording devices.

Surveillance can be either **overt** or **covert**.

### **2.3 Overt Surveillance**

- 2.3.1 Most of the surveillance undertaken by the Council will be done overtly – there will be nothing secretive, clandestine or hidden about it. In many cases officers will be going about Council business openly (e.g. a routine inspection by an Environmental Health Officer) or will have notified the subject of the investigation that they are likely to be under surveillance. In the latter case officers need to be particularly alert to the possibility that the proposed surveillance may entail collateral intrusion into the lives and activities of persons other than the subject of the investigation (e.g. a visitor to premises). If there is the slightest possibility of collateral intrusion a RIPA authorisation should be obtained before any surveillance is carried out.

- 2.3.2 Surveillance will be overt if the subject has been told it will happen. This will be the case where a noisemaker is warned that recordings will be made if the noise continues; or where an entertainment licence is issued subject to conditions, and the licensee is told that officers may visit without notice or without identifying themselves to the owner/proprietor to check that the conditions are being met. Such warnings should be given to the person concerned in writing.
- 2.3.3 Overt surveillance does not require any authorisation under RIPA. Neither does low-level surveillance consisting of general observations in the course of law enforcement (for example, an officer visiting a site to check whether a criminal offence had been committed). Repeated visits may amount to systematic surveillance however, and require authorisation: if in doubt, advice should be sought from the RIPA Monitoring Officer or the Senior Responsible Officer
- 2.3.4 Home Office guidance also suggests that the use of equipment such as binoculars or cameras, to reinforce normal sensory perception by enforcement officers as part of general observation does not need to be regulated by RIPA, as long as the systematic surveillance of an individual is not involved. However, if binoculars or cameras are used in relation to anything taking place on any residential premises, or in any private vehicle, the surveillance can be intrusive even if the use is only fleeting. Any such surveillance will be intrusive “if it consistently provides information of the same quality as might be expected to be obtained from a device actually present on the premises or in the vehicle”. The quality of the image obtained rather than the duration of the observation is what is determinative. It should be remembered that the council is not permitted to undertake intrusive surveillance.
- 2.3.5 Use of body worn cameras should be overt. Badges should be worn by officers stating body cameras are in use and it should be announced that recording is taking place. In addition, cameras should only be switched on when recording is necessary – for example, when issuing parking tickets.

## **2.4 Covert Surveillance**

Covert surveillance is covert where it is ‘carried out in a manner **calculated** to ensure that the person or persons subject to the surveillance are unaware that it is or may be taking place’.

RIPA requires the authorisation of two types of covert surveillance (directed surveillance and intrusive surveillance) plus the use of covert human intelligence sources (CHIS) or acquisition of communications data.

## **2.5 Covert Human Intelligence Source (CHIS)**

- 2.5.1 A person is a covert human intelligence source if ‘he establishes or maintains a personal or other relationship with a person for the covert purpose of obtaining information or providing access to any information to another person, or he covertly discloses information obtained by the use of such a relationship’. Covert in this context means that it is calculated that the subject should be unaware of the purpose of the relationship.

A member of the public who volunteers information to the Council is not a covert human intelligence source.

#### 2.5.2 The conduct or use of CHIS must be authorised in accordance with RIPA.

**Conduct** of a CHIS. This is establishing or maintaining a personal or other relationship with a person for the covert purpose of (or is incidental to) obtaining or passing on information.

**Use** of a CHIS. This includes inducing, asking or assisting a person to engage in the conduct of a source or to obtain information by means of the conduct of such a source.

The use of a juvenile CHIS may only be authorised for one month at a time.

#### 2.5.3 Members of the public who report allegations of anti social behaviour and are asked to keep a note of incidents will not normally be CHIS as they are not usually required to establish or maintain a covert relationship.

#### 2.5.4 Noise

Persons who complain about excessive noise, and are asked to keep a noise diary, will not normally be a CHIS, as they are not required to establish or maintain a relationship for a covert purpose. Recording the level of noise (e.g. the decibel level) will not normally capture private information, and therefore does not require authorisation. Recording sound with a DAT recorder or similar, could constitute intrusive surveillance, unless it is done overtly – for example it will be possible to record sound if the noisemaker is warned that this will occur if the level of noise continues.

However, if the Council serves notice on the owner/occupier of the premises and the source of the noise is a third party, authorisation under RIPA may be required. The investigation may (i) be covert in relation to that third party and (ii) may reveal private information about them.

#### 2.5.5 Test Purchases

Carrying out test purchases will not normally require the purchaser to establish a relationship with the supplier with the covert purpose of obtaining information, and therefore the purchaser will not normally be a CHIS. For example, authorisation would not normally be required for test purchases carried out in the ordinary course of business (e.g. walking into a shop and purchasing a product over the counter). By contrast, developing a relationship with a person in the shop, to obtain information about the seller's suppliers of an illegal product e.g. illegally imported wild meat, is likely to require authorisation as a CHIS. Similarly, using hidden recording devices to record what is going on in the shop (e.g. a hidden CCTV Camera) may require authorisation as directed surveillance. A combined authorisation can be provided if a CHIS is carrying out directed surveillance.

#### 2.5.6 **Note 251 of the OSC's 2016 Procedures & Guidance document states:** *251. A local authority may prefer to seek the assistance of the police or another public authority to manage its CHIS. In such a case a written protocol between the parties should be produced in order to ensure that an identified CHIS is properly managed (see CHIS Code of Practice 6.12). In the absence*

*of such an agreement the local authority must be capable of fulfilling its statutory responsibilities.*

## **2.6 Directed surveillance**

Directed Surveillance is surveillance that is:

- covert but not intrusive surveillance; (see paragraph 3.2)
- undertaken for the purpose of a specific investigation or operation carried out in such a manner as is likely to result in the obtaining of private information about a person (whether or not one specifically identified for the purposes of the investigation or operation) and
- not carried out as an immediate response to events which would otherwise make seeking authorisation under RIPA unreasonable (e.g. spotting something suspicious and continuing to observe it).

2.7 Surveillance by way of an immediate response to events or circumstances where it would not be 'reasonably practicable' for an authorisation to be sought is not included within the provisions of RIPA.

## **2.8 Private Information**

This phrase is defined in RIPA section 26(10) as including any information relating to a person's private or family life. The European Court of Human Rights has considered this definition and has found that private life is a broad term not susceptible to exhaustive definition. Aspects such as gender identification, name, sexual orientation and sexual life are important elements of the personal sphere protected by Article 8. The Article also protects a right to identity and personal development and the right to establish and develop relationships with other human beings and the outside world and it may include activities of a professional or business nature. There is therefore a zone of interaction of a person with others even in a public context, which may fall within the scope of "private life".

The fact that covert surveillance occurs in a public place or on business premises does not necessarily mean that it cannot result in the acquisition of private information about a person. Prolonged surveillance targeted on a single person will undoubtedly result in the obtaining of private information about him/her and others that he / she comes into contact with or with whom they associate. Similarly, although the overt use of CCTV cameras does not normally require authorisation, if the camera is used for a particular purpose that involves the prolonged surveillance of a particular person, a RIPA authorisation will be required.

## **3 EXCLUSIONS**

3.1 There are some instances where surveillance is not permissible in any circumstances:

### **3.2 Intrusive Surveillance**



RIPA provides that the Council **cannot** authorise intrusive surveillance. This is covert surveillance carried out in relation to anything taking place on residential premises or in any private vehicle, whether by way of a person or device.

It will also be intrusive surveillance where a device placed outside consistently provides information of the same or equivalent quality and detail, as might be expected if it were in the premises or vehicle

Residential premises are any part of premises occupied for residential purposes or living accommodation, including hotel rooms or prison cells. However, it does not include common areas in blocks of flats and similar premises.

Private vehicle is a vehicle used primarily for private purposes by the owner or person entitled to use it.

Only the police or other law enforcement agencies are permitted to employ intrusive surveillance. Likewise, the council has no statutory powers to interfere with private property.

### **3.3 Use of Children to gather information about parent/ guardian**

Authorisation may not be granted for the conduct or use of a source under the age of sixteen where it is intended that the purpose is to obtain information about his parent or any person who has parental responsibility for him.

### **3.4 Vulnerable Individuals**

A vulnerable individual is a person who is, or may be, in need of community care services by reason of mental or other disability, age or illness and who is or may be unable to take care of themselves, or unable to protect themselves against significant harm or exploitation. A vulnerable individual will only be authorised as a CHIS in the most exceptional of circumstances.

## **4 GROUNDS FOR SURVEILLANCE**

4.1 Amendments to the Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) Order 2010 (“the 2010 Order”) mean that a local authority can now only grant an authorisation under RIPA for the use of Directed Surveillance where the local authority is investigating criminal offences which attract a custodial sentence of a maximum term of at least 6 months' imprisonment, or criminal offences relating to the underage sale of alcohol or tobacco under sections 146, 147 or 147A of the Licensing Act 2003 or section 7 of the Children and Young Persons Act 1933.

4.2 Even if the person granting the authorisation believes that the authorisation is necessary, he must also be satisfied that the authorised activity is proportionate to what is sought to be achieved by it. This requires the Authorising Officer to balance the need for surveillance with the level of intrusion into any person's privacy.

4.3 Particular consideration should be given to collateral intrusion, which is interference with the privacy of persons other than the subject(s) of the surveillance. Such collateral intrusion or interference would be a matter of

greater concern in cases where there are special sensitivities, for example in cases of premises used by lawyers or for any form of medical or professional counselling or therapy.

#### 4.4 Confidential information

Careful consideration is also needed when there is a risk of obtaining confidential information. This consists of matters subject to

- legal privilege, which is communication between a lawyer and client;
- confidential personal information relating to physical or mental health; or to spiritual counselling or other assistance given or to be given, and which a person has acquired or created in the course of any trade, business, profession or other occupation, or for the purposes of any paid or unpaid office where there is an undertaking to hold it in confidence; or
- confidential journalistic material.

In cases where it is likely that confidential information will be acquired the authorisation must be granted by the Chief Executive as Head of the Paid Service (or in his absence by an authorised Chief Officer)

4.5 An application for an authorisation must include a full assessment of the risk of any collateral intrusion or interference so that the Authorising Officer can consider this.

4.6 Authorising Officers must always consider the need for surveillance or CHIS and balance this against an individual's right to privacy under the Human Rights Act 1998. An officer seeking an authorisation should always be able to justify why it is necessary and why other, less intrusive, forms of investigation are unsuitable or have previously been tried without success and thus the matter has escalated to the requirement for covert surveillance.

## 5 ACQUISITION AND DISCLOSURE OF COMMUNICATIONS DATA

5.1 The powers contained in Part 1 of Chapter 2 of RIPA permit Local Authorities to obtain information relating to the use of a postal service or telecommunications system. **It does not permit access to the content of the communication.**

5.2 The Information can be obtained in two ways:

- by Authorisation
- by Notice.

5.3 An authorisation, with Magistrates Court approval, permits the Local Authority to obtain the data itself. A notice would be given to the postal or telecommunications operator which is then obliged to provide the Authority with the information stipulated in the notice.

5.4 **An authorisation or notice can only be obtained where it is necessary for the purpose of preventing or detecting crime or of preventing disorder.**

5.5 **Definition of Communications Data**

- any traffic data comprised in or attached to a communication (whether by the sender or otherwise) for the purposes of any postal service or telecommunications system by means of which it is being or may be transmitted. **(Traffic Data)**.
- any information which includes none of the contents of a communication (apart from information falling within above paragraph and is about the use made by any person of any postal service or telecommunications service or in connection with the provision to or use by any person of any telecommunications service or any part of a telecommunications system. **(Service Data)**.
- any information not falling within either of the above paragraphs that is held or obtained in relation to persons to whom he provides the service by a person providing a postal service or telecommunications service. **(Subscriber Data)**.

5.6 **Traffic Data** in relation to communications means:

- any data identifying or purporting to identify, any person, apparatus or location to or from which the communication is or may be transmitted
- any data identifying or selecting or purporting to identify or select apparatus through which, or by means of which the communication is or may be transmitted
- any data comprising signals for the actuation of apparatus used for the purposes of a telecommunications system for effecting (in whole or in part) the transmission of any communication and
- any data identifying the data or other data as data comprised in or attached to a particular communication.

but that expression includes data identifying a computer file or computer program access to which is obtained, or which is run by means of the communication to the extent only that the file or program is identified by reference to the apparatus in which it is stored.

**Traffic Data** therefore covers the sender and recipients of a communication; the location of a communication, online tracking of it; call detail records for specific calls, web browsing information (which sites have been visited and for how long) and postmarks and postal addresses.

**Service Data** covers connection records, timing and duration of calls, connection, re-connection and disconnection data, use of forwarding or re-direction services, additional telecommunications services and records of postal items.

**Subscriber Data** includes information on subscribers of e-mail and telephone accounts, account information, including payment details, addresses for installing and billing and abstract personal records such as sign up data.

**Local Authorities can only access Service and Subscriber Data. An authorisation will last for one month** following Magistrates' Court approval **and should be renewed or cancelled as appropriate.**

## 6. PROCEDURE TO OBTAIN A RIPA AUTHORISATION

- 6.1 Directed surveillance, the use of CHIS and the acquisition of communications data must be lawfully carried out in strict accordance with the terms of the relevant authorisation and Magistrates Court approval.
- 6.2 The Council will only very occasionally make use of CHIS so the applicant officer should consult the Monitoring Officer before making an application for a CHIS authorisation in order to ensure that the current statutory requirements and best practice are being observed.
- 6.3 Applications for authorisations and notices requesting communications data must be processed through the Council's Home Office accredited single point of contact. As the need to obtain such information will only very occasionally arise the applicant officer should contact the Monitoring Officer before making an application in order to ensure that current statutory requirements and best practice are being observed.
- 6.4 All applications for authorisation must be sought and granted *before* any surveillance activity takes place. The decision whether or not to authorise an application must not be taken with the benefit of hindsight. This should be borne in mind when submitting an application to the Magistrates' Court under Paragraph 7 below.

### 6.5 Making the Application

Before making an application for an authorisation the requesting officer must;

- read this policy document
- determine whether the activity that they are proposing to conduct involves directed surveillance or the use of a CHIS
- assess whether the activity will be in accordance with the law – is it governed by RIPA
- assess whether the activity is necessary and why
- assess whether the activity is proportionate.

**If the activity could be conducted overtly or if a less intrusive option is available and practical use that option in preference to a RIPA authorisation.**

- 6.6 The application form once completed by the applicant officer, must be submitted to an Authorising Officer, together with a health and safety risk assessment that should cover any potential risks to Council officers, or third parties, including members of the public.
- 6.7 The persons entitled to grant authorisations are designated in the Schedule of Authorising Officers, which is kept by the Monitoring Officer and is accessible on the Council's Intranet
- 6.8 The Authorising Officer should note:

- the date and time of grant or refusal;
- the reasons for that decision;
- the exact date on which the authorisation will be reviewed.

6.9 An application must describe:

- any conduct to be authorised;
- the purpose of the investigation and how long the situation has existed;
- why it is necessary;
- why it is proportionate;
- the intended subjects, if known;
- the intended product that the surveillance will provide;
- any potential collateral intrusion and the justification for this;
- details of any confidential information that may be obtained;

## **6.10 The Application Forms**

6.10.1 The Home Office has published standard forms for the use by local authorities. These have been adopted by the Council and can be accessed through the Intranet under *Corporate – Forms - RIPA*. Every box in the application form must be completed or marked n/a where it is not appropriate.

6.10.2 Each operation/ investigation must be allocated a unique reference number (URN). This will be the next number in sequence taken from the Central RIPA Log, as identified by the Authorising Officer and should be entered on the form.

## **7. MAGISTRATES' COURT APPROVAL**

7.1 All RIPA authorisations will require Magistrates' Court approval in the form of an order to take effect. The court must be satisfied that reasonable grounds exist in relation to the authorisation.

7.2 Legal Services must be consulted on the form and content of the application to the Magistrates' Court for approval.

## **8 DURATION OF AUTHORISATIONS**

8.1 It is no longer possible for urgent authorisations to be given orally. However, a Magistrate may consider an authorisation out of hours in exceptional circumstances.

8.2 Directed surveillance authorisations will cease to have effect (unless renewed) at the end of a period of three months beginning with the day on which it took effect:

- three months' is deemed for the purpose of this guidance to mean three calendar months/twelve weeks from the start date of the operations

8.3 Authorisations for the conduct or the use of covert human intelligence sources will last for up to 12 months, beginning with the day on which the grant or renewal takes effect.

8.4 Authorisations relating to communications data last 1 month.

## 8.5 **Review**

8.5.1 The Authorising Officer must review authorisations frequently, at least monthly. The frequency of mid term reviews should be risk assessed based on the nature of the operation.

8.5.2 RIPA application forms must be reviewed on or before the expiry date of the authorisation which will be the date stated in the application form. When a RIPA authorisation is reviewed the appropriate form should be completed and record:

- the date and time of that review
- confirmation as to whether the surveillance is to continue or not
- the reasons for that decision

## 8.6 **Renewal**

8.6.1 If at any time before an authorisation would cease to have effect, it is necessary for the authorisation to continue for the purpose for which it was given, it may be renewed in writing for a further period of 3 calendar months, beginning with the day when the original authorisation would have expired. Magistrates Court approval is required before a renewal takes effect.

8.6.2 The Authorising Officer must consider the matter afresh, including taking into account the benefits of the surveillance to date and any collateral intrusion that has occurred.

8.6.3 Authorisations may be renewed more than once, provided they continue to meet the criteria for authorisation and are approved by the Magistrates' Court.

8.6.4 Prior to renewal of an authorisation for the use or conduct of a covert human intelligence source, there must be a full review of the use made of that source, the tasks given to that source and the information so obtained.

## 8.7 **Cancellation**

8.7.1 The Authorising Officer must cancel an authorisation if they become satisfied that the surveillance is no longer required or appropriate.

8.7.2 Authorisations should not be allowed simply to lapse. The matter should be referred to an Authorising Officer via the same process as for the initial application and a form of cancellation must be completed:

- if the necessary evidence has been obtained; or
- it is decided at any time that the surveillance is unlikely to produce the evidence sought, then.

8.7.3 The Authorising Officer must then cancel the Application without delay. When cancelling the authorisation the Authorising Officer is required to consider whether the surveillance was effective, necessary and met its objectives. Cancellations must be made using the cancellation form and should briefly detail what product(s) resulted from the surveillance.

8.7.4 When cancelling an authorisation, the Authorising Officer must ascertain what recorded material has been obtained by the use of directed surveillance. The

Authorising Officer should comment on the recorded material and how it is to be managed or used thereafter. If the matter is not proceeding to a prosecution, the Authorising Officer must be satisfied that any recorded material has been securely destroyed.

## **9 AUTHORISING OFFICERS**

9.1 Authorisations may only be given by the Authorising Officers listed in Appendix B. Only the Chief Executive can authorise the use of a CHIS, or the acquisition of confidential information.

9.2 Applications for the acquisition of Communications data can only be issued by a Home Office accredited single point of contact (SPoC). The Council has two SPOOs, Service Director: Customers and the Investigations Manager.

9.3 The National Anti-Fraud Network (NAFN) provides a SPoC service to local authorities. Local authorities using the NAFN SPoC service will still be responsible for submitting any applications to a Magistrate and a designated person in the authority is still required to scrutinise and approve any applications.

### **9.4 Determining an Application**

The applicant officer must complete the application form in its entirety.

Authorisation under RIPA is quite separate from delegated authority to act under the Council's Scheme of Delegation. **RIPA authorisations are for specific investigations only and must be cancelled or renewed once the specific surveillance is complete, or about to expire.**

The Authorising Officer should not just "sign off" an authorisation, but must give **personal consideration** to the necessity and proportionality of the proposed action prior to applying to the Magistrates Court for approval and must personally ensure that the surveillance is reviewed and cancelled.

Any rejected applications must be entered into the RIPA log held by the Service Director: Legal and Community.

9.5 In the case of applications for authority to carry out **directed surveillance** the Authorising Officer should:

- consider the relevant Codes of Practice
- consider whether the specific operation or investigation has been adequately described
- be satisfied as to the reasons for the application. **N.B. A local authority can only use RIPA authorisations for the purpose of preventing or detecting crime or of preventing disorder. For directed surveillance to be authorised, it must be for the purpose of preventing or detecting conduct which constitutes/corresponds to a criminal offence punishable at least 6 months imprisonment (or an offence under section 146, 147, or 147A of the Licensing act 2003).**

- be satisfied that the directed surveillance is **necessary** in the circumstances of the particular case.
- be satisfied that the surveillance is **proportionate** to the stated purpose and objectives
- be satisfied that the possibility of collateral intrusion has been avoided or minimised
- consider the likelihood of confidential information being acquired
- check that an appropriate review period has been listed on the application form.

**If there is an alternative practicable means of carrying out the surveillance, which is less intrusive, then the surveillance is neither necessary nor proportionate and should not be authorised. The least intrusive method should be used**

#### **Additional Factors when Authorising a CHIS**

In addition, when authorising the conduct or use of a CHIS the Authorising Officer must

- be satisfied that the **conduct** and/or **use** of the CHIS is proportionate to what is sought to be achieved.
- be satisfied that **appropriate arrangements** are in place for the management and oversight of the CHIS.
- consider the likely degree of intrusion of all those potentially effected.
- consider any adverse impact on community confidence that may result from the use or conduct or the information obtained.
- ensure **records** contain statutory particulars and are not available except on a need to know basis.
- ensure that authorisations relating to the use of a juvenile CHIS are only for one month at a time.
- be satisfied that a full risk assessment has been undertaken.

9.6 The role of Senior Responsible Officer (SRO) is undertaken by the Service Director: Legal and Community and Monitoring Officer. The role of RIPA Co-ordinating Officer is undertaken by the Monitoring Officer Technical Support & PA to Service Director: Legal and Community.

The SRO is responsible for:

- the integrity of the process in place within the public authority for the management of CHIS and Directed Surveillance;
- compliance with Part 2 of the Act and with the Codes;



- oversight of the reporting of errors to the relevant oversight Commissioner and the identification of both the cause(s) of errors and the implementation of processes to minimise repetition of errors;
- engagement with the OSC inspectors when they conduct their inspections, where applicable; and
- where necessary, oversight of the implementation of post-inspection action plans approved by the relevant oversight Commissioner.

9.7 The role of CHIS Handler will be allocated to either one of the Service Director: Place, Service Director: Customers, or Service Director: Regulatory, depending which directorate is using the CHIS. The CHIS Controller will be allocated to one of the other two heads of service by the Chief Executive.

The CHIS Handler is responsible for:

- dealing with the CHIS on behalf of the Council;
- directing the day to day activities of the CHIS;
- recording the information supplied by the CHIS; and
- monitoring the CHIS's security and welfare.

The CHIS Controller is responsible for management and supervision of the CHIS Handler, and general oversight of the use of CHIS.

## **10. WORKING WITH / THROUGH OTHER AGENCIES**

10.1 The Council may work in conjunction with other agencies to carry out covert surveillance and to use CHIS's, eg police, DWP, Inland Revenue (but does not include RSLs). It is not necessary for each party to complete its own form of authorisation, and the Council can rely upon a duly authorised form completed by another agency providing that the Authorising Officer is made aware and it has been approved by the Magistrates' Court if required. If another agency chooses to rely on a RIPA authorisation from this Council the Authorising Officer must be made aware.

10.2 A copy of another agency's authorisation should be obtained and copies kept in the same manner as an authorisation granted by the Council. Officers should also ensure that review and renewal dates are noted and that copies of the appropriate forms are also obtained and kept appropriately.

10.3 In the event that a member of staff has concerns that an authorisation, Magistrates' Court approval, review, or renewal completed by a partner agency does not comply with the law, codes of practice, or agreed arrangements for surveillance, they should refer the matter to an Authorising Officer of the Council for further action as necessary.

10.4 When another agency (e.g. the Police, Inland Revenue etc), wish to use the Council's premises or facilities (other than CCTV) for their own RIPA action, officers should normally co-operate unless there are good operational or management reasons as to why the Council's facilities should not be used for the agency's activities. Suitable insurance or other indemnities may be

sought from the agency in return for the Council's co-operation. In such cases the Council's RIPA forms should not be used if it is merely assisting and is not actually involved in the RIPA activity.

## **11. RECORD MANAGEMENT**

11.1 The Council must keep a detailed record of all authorisations, Magistrates' Court approvals, reviews, renewals, and cancellations. Copies of all authorisations, Magistrates' Court approvals, records of oral authorisations, reviews, renewals, cancellations and refusals must be kept in a central register held by an Authorised Officer. In addition all original authorisations, records of oral authorisations, Magistrates' Court approvals, reviews, renewals, cancellations, refusals and other relevant documents must be sent to the RIPA Co-ordinating Officer, who maintains the central RIPA log (record of authorisations and rejections).

11.2 All information obtained during directed surveillance should be recorded in a surveillance log. This should be in a format that gives an accurate and suitably detailed account of the events observed and conversations heard at particular times.

11.3 Copies of all authorisations, records of oral authorisations, Magistrates' Court approvals, reviews, renewals, cancellations and refusals should be kept for a period of 5 years after the conclusion of any Court proceedings arising for which the surveillance or use of the CHIS was relevant. If it is believed that the records could be relevant to pending or future criminal proceedings, the officer in charge of the investigation shall confirm that they should be retained for a suitable further period, subject to any subsequent review, prior to the expiry of the five year period. This decision must be notified to the Service Director: Legal and Community.

### **11.4 Records maintained in the Directorates and Centrally**

11.4.1 Generally, all material (in whatever media) produced or obtained during the course of investigations subject to RIPA authorisation (whether authorised or not), should be processed, stored and destroyed in accordance with the requirements of the Data Protection Act 2018, General Data Protection Regulation (GDPR) (EU) 2016/679, the Freedom of Information Act 2000 and any other legal requirements, including those of confidentiality and the Council's policies and procedures regarding document retention. The following paragraphs give guidance on some specific situations, but advice should be sought from the Service Director: Legal and Community, or the Data Protection and Freedom of Information Officer where appropriate. All documents must be retained securely and electronic copies of documents must be password protected.

11.4.2 Copies of the following documents must be retained securely in the departments. Original documents must be sent to the Monitoring Officer within 5 working days. They should be submitted in a sealed envelope marked "Confidential RIPA forms".

- The application and the authorisation together with any supplementary documentation and notification of the approval given by the Authorising Officer;
- The application to the Magistrates' Court and any relevant approval/court order;

- A record of the period over which the surveillance has taken place;
- The frequency of reviews prescribed by the Authorising Officer;
- A record of the result of each review of the authorisation;
- Any renewal of an authorisation, together with the supporting documentation submitted when the renewal was requested and Magistrates' Court approval;
- The date and time when any instruction was given by the Authorising Officer.
- An electronic log is maintained centrally on a restricted public folder within G/drive. The Log is kept in a password-protected Excel spreadsheet, located in drive G/RIPA 2000/ RIPA Log. Only Authorising Officers can view it.
- The Council shall retain records for a period of at least 6 years from the ending of the authorisation. The Investigatory Powers Commissioner's Office (IPCO) can review the Council's policies and procedures and individual authorisations. The IPCO usually provide notice before an inspection, but can arrive unannounced.

**Copies of authorisations, renewals and cancellations are discoverable in legal proceedings. If proper records are not maintained, evidence gathered may be inadmissible.**

## 11.5 Records Relating to the CHIS

11.5.1 All information obtained by the CHIS and by the officer responsible for recording the use of the CHIS should be recorded by means of a daily log. This should be in a format that gives an accurate and suitably detailed account of the events observed and conversations heard at particular times.

11.5.2 All information recorded in respect of authorisations, surveillance or the use of CHIS must only be disclosed for the purposes for which it was gathered at the time or for use in any future civil or criminal proceedings brought by or against the Council.

11.5.3 Records which reveal the name(s) of the CHIS should only be disclosed to persons to the extent that there is a need for access to them; if legally necessary; or if ordered by any Court.

11.5.4 When it is intended to employ a CHIS a record must be kept that records all the detail specified in Appendix 2. The officer in charge of maintaining a record of the use of each CHIS should record all these details. The way these records are kept is designed to try to keep the CHIS safe from discovery by the subjects and safe from any harm which could result from their disclosure and also to keep in the open any money or other benefits paid to a CHIS who is not an employee officer of an authorising body.

## 12. RECORDED MATERIAL OBTAINED DURING INVESTIGATIONS

12.1 Where recorded material (in any form or media) is obtained during the course of an investigation which might be relevant to that investigation, or another investigation, or to pending or future civil or criminal proceedings, then it should **not** be destroyed, but retained in accordance with the requirements of the Data Protection Act 2018, General Data Protection Regulation (GDPR) (EU) 2016/679, the Freedom of Information Act 2000, and any other legal

requirements, including those of confidentiality, and the Council's policies and procedures regarding document retention. Advice should be sought from the Monitoring Officer or the Information and Records Manager.

- 12.2 Where recorded material is obtained, which is not related to a criminal or other investigation or to any person who is the subject of the investigation, and there is no reason to suspect that it will be relevant to any future civil or criminal proceedings, it should be destroyed immediately.
- 12.3 Recorded Material obtained in the course of an investigation may be used in connection with investigations other than the one that the relevant authorisation was issued for. However, the use or disclosure of such material outside the Council, unless directed by any court order, should only be considered in exceptional circumstances and in accordance with advice from the Monitoring Officer.
- 12.4 Where recorded material obtained is of a confidential nature, then the following additional precautions should be taken:
- Confidential recorded material should not be retained or copied unless it is necessary for a specified purpose;
  - Confidential recorded material should only be disseminated in accordance with legal advice that it is necessary to do so for a specific purpose;
  - Confidential recorded material which is retained should be marked with a warning of its confidential nature. Safeguards should be put in place to ensure that such recorded material does not come into the possession of any person where to do so might prejudice the outcome of any civil or criminal proceedings;
  - Confidential recorded material should be destroyed as soon possible after it is used for the specified purpose.
  - Confidential recorded material should be made available for the Office of Surveillance Commissioners at the time of any Inspection.
- 12.5 If there is any doubt as to whether material is of a confidential nature, advice should be sought from the Monitoring Officer.
- 12.6 The Authorising Officer must ascertain what material has been obtained by the use of directed surveillance. The Authorising Officer should comment on the material and how it is to be managed or used thereafter. If the matter is not proceeding to a prosecution, the Authorising Officer must be satisfied that any material has been securely destroyed.

### **13. SOCIAL NETWORKING SITES**

- 13.1 Where privacy settings are available but not applied the data available on Social Networking Sites may be considered 'open source' and an authorisation is not usually required.
- 13.2 Repeat viewing of 'open source' sites, however, may constitute directed surveillance on a case by case basis and this should be borne in mind e.g. if someone is being monitored through, for example, their Facebook profile for a period of time and a record of the information is kept for later analysis, this is likely to require a RIPA authorisation for directed surveillance.

- 13.3 To avoid the potential for inadvertent or inappropriate use of social network sites in investigative and enforcement roles, Council Officers should be mindful of any relevant guidance and the Council's separate policy regarding the use of Social Networking Sites: Conduct of Investigations.
- 13.4 The Home Office Revised Code of Practice on Covert Surveillance and Property Interference, published in August 2018, provides the following guidance in relation to online covert activity:

*'The growth of the internet, and the extent of the information that is now available online, presents new opportunities for public authorities to view or gather information which may assist them in preventing or detecting crime or carrying out other statutory functions, as well as in understanding and engaging with the public they serve. It is important that public authorities are able to make full and lawful use of this information for their statutory purposes. Much of it can be accessed without the need for RIPA authorisation; use of the internet prior to an investigation should not normally engage privacy considerations. But if the study of an individual's online presence becomes persistent, or where material obtained from any check is to be extracted and recorded and may engage privacy considerations, RIPA authorisations may need to be considered. The following guidance is intended to assist public authorities in identifying when such authorisations may be appropriate.*

*The internet may be used for intelligence gathering and/or as a surveillance tool. Where online monitoring or investigation is conducted covertly for the purpose of a specific investigation or operation and is likely to result in the obtaining of private information about a person or group, an authorisation for directed surveillance should be considered, as set out elsewhere in this code. Where a person acting on behalf of a public authority is intending to engage with others online without disclosing his or her identity, a CHIS authorisation may be needed (paragraphs 4.10 to 4.16 of the Covert Human Intelligence Sources code of practice provide detail on where a CHIS authorisation may be available for online activity).*

*In deciding whether online surveillance should be regarded as covert, consideration should be given to the likelihood of the subject(s) knowing that the surveillance is or may be taking place. Use of the internet itself may be considered as adopting a surveillance technique calculated to ensure that the subject is unaware of it, even if no further steps are taken to conceal the activity. Conversely, where a public authority has taken reasonable steps to inform the public or particular individuals that the surveillance is or may be taking place, the activity may be regarded as overt and a directed surveillance authorisation will not normally be available.*

*As set out below, depending on the nature of the online platform, there may be a reduced expectation of privacy where information relating to a person or group of people is made openly available within the public domain, however in some circumstances privacy implications still apply. This is because the intention when making such information available was not for it to be used for a covert purpose such as investigative activity. This is regardless of whether a user of a website or social media platform has sought to protect such information by restricting its access by activating privacy settings.*

*Where information about an individual is placed on a publicly accessible database, for example the telephone directory or Companies House, which is commonly used and known to be accessible to all, they are unlikely to have any reasonable expectation of privacy over the monitoring by public authorities of that information. Individuals who post information on social media networks and other websites whose purpose is to communicate messages to a wide audience are also less likely to hold a reasonable expectation of privacy in relation to that information.*

*Whether a public authority interferes with a person's private life includes a consideration of the nature of the public authority's activity in relation to that information. Simple reconnaissance of such sites (i.e. preliminary examination with a view to establishing whether the site or its contents are of interest) is unlikely to interfere with a person's reasonably held expectation of privacy and therefore is not likely to require a directed surveillance authorisation. But where a public authority is systematically collecting and recording information about a particular person or group, a directed surveillance authorisation should be considered. These considerations apply regardless of when the information was shared online.'*

#### **14. TRAINING**

- 14.1 Training on RIPA and the procedures set out in this policy document will be given or authorised by the Service Director: Legal and Community. Any officer who wishes to undertake surveillance or employ a CHIS and all Authorising Officers must receive and maintain suitable training before signing any RIPA authorisations.
- 14.2 A Central Register of all officers who have received training on RIPA will be maintained by the Service Director: Legal and Community.
- 14.3 As part of the periodic review of this Policy and Procedures the Monitoring Officer will determine any ongoing training needs both for Authorising Officers and applicant officers. Refresher courses will be held as necessary.
- 14.4 The responsibility for ensuring that staff receive appropriate training in connection with RIPA lies with Service Directors.
- 14.5 The purpose of the training will be to ensure that both applicant and Authorising Officers are not only familiar with the law governing RIPA regulated activities, but also receive practical advice on the making and consideration of applications. In particular the training will be aimed at familiarising officers with the evidence that is needed to show that a covert operation is necessary, proportionate and likely to be conducted in a manner that will minimise collateral intrusion.
- 14.6 The training will also emphasise the need for Authorising Officers to state clearly the nature of the covert activity that they are authorising and the parameters of that activity i.e. what, where, when, how and against whom.
- 14.7 The importance of setting and observing review, cancellations and renewal dates will form part of the training.

14.8 The Monitoring Officer will invite pertinent officers to a biannual forum to discuss RIPA and issues relating to enforcement. The forum should aim to benchmark best practice.

## **15. ELECTED MEMBER INVOLVEMENT**

15.1 Two new Codes of Practice came into effect on 6 April 2010:

- Regulation of Investigatory Powers (Covert Human Intelligence Source: Code of Practice) Order 2010
- Regulation of Investigatory Powers (Covert Surveillance and Property Interference: Code of Practice) Order 2010

15.2 The Codes of Practice state that elected members should:

- Set the RIPA policy at least once a year
- Review the local authority's use of RIPA
- Consider internal reports on the use of RIPA on at least a quarterly basis

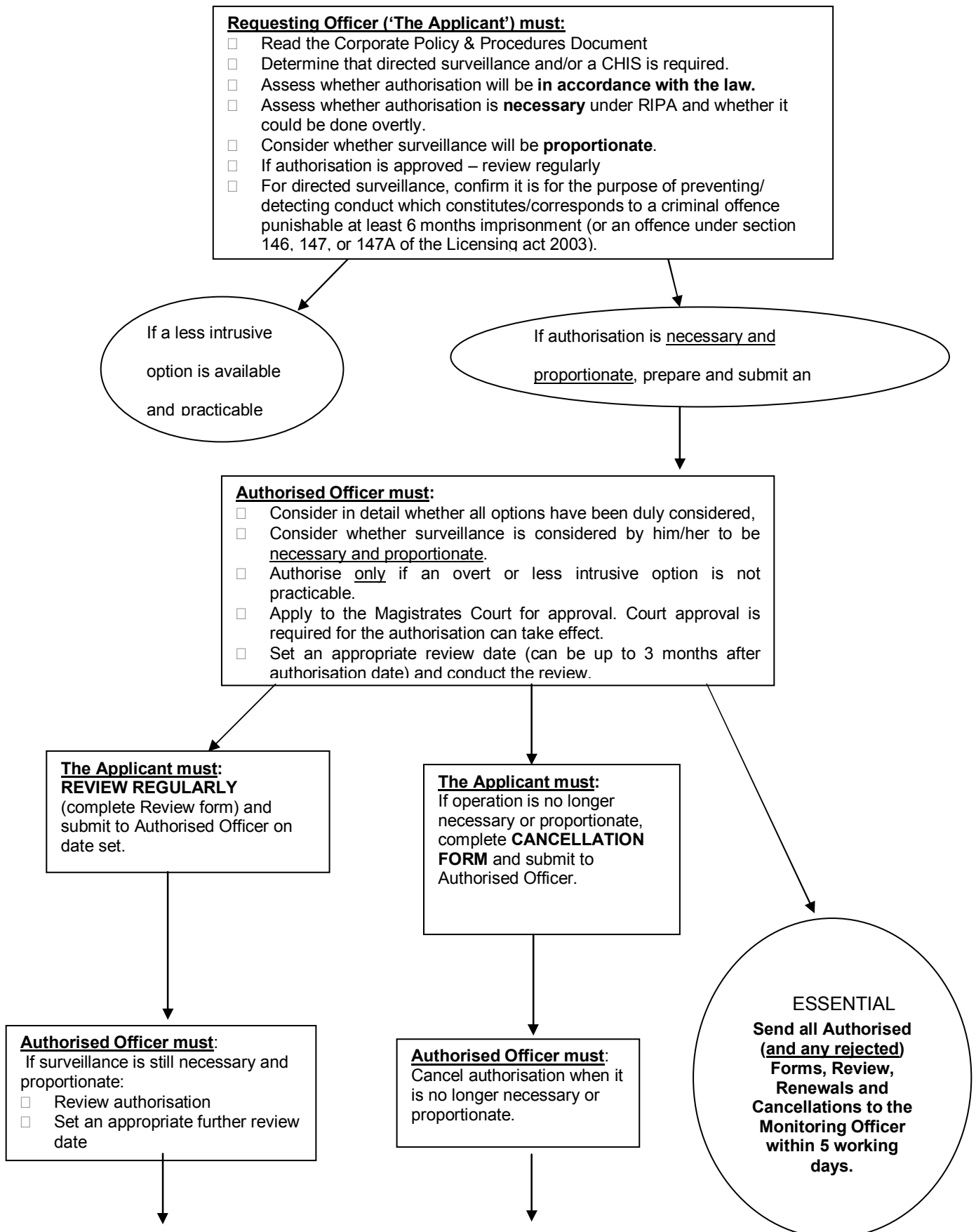
15.3 The Terms of Reference for Cabinet in the Council's Constitution state that Cabinet is:

"To prepare and agree to implement policies and strategies other than those reserved to Council."

The setting of the RIPA policy annually is therefore a role for Cabinet. The Partnerships Scrutiny Sub Committee will consider the Policy annually and make recommendations to Cabinet.

15.4 The requirement for members to review the local authority's use of RIPA and consider internal reports on the use of RIPA on at least a quarterly basis is to be undertaken by the Overview and Scrutiny Committee in accordance with the terms of reference for that Committee contained in the Council's constitution.

**FLOW CHART OF RIPA PROCESS**





- Send all Quarterly Returns to MO
- Regulation of Investigatory Powers (Covert Human Intelligence Source: Code of Practice) Order 2010
- Regulation of Investigatory Powers (Covert Surveillance and Property Interference: Code of Practice) Order 2010
- The Codes of Practice state that elected members should:
  - Set the RIPA policy at least once a year
  - Review the local authority's use of RIPA
  - Consider internal reports on the use of RIPA on at least a quarterly basis



## APPENDIX B

### AUTHORISING OFFICERS AND RESPONSIBLE OFFICERS

<b>RIPA Authorising Officers</b>	Chief Executive, or in his absence the Deputy Chief Executive, Service Director: Place, Service Director: Customers, Service Director: Regulatory
<b>Authorising operations where confidential information may be obtained</b>	Chief Executive only
<b>CHIS Authorising Officer</b>	Chief Executive only
<b>CHIS Controller/Handler</b>	Service Director: Place Service Director: Customers Service Director: Regulatory
<b>Senior Responsible Officer</b>	Service Director: Legal and Community and Monitoring Officer
<b>RIPA Co-ordinating Officer</b>	PA to Service Director: Legal and Community

Please note:

- Where use of a CHIS is authorised, the head of the directorate carrying out the activity shall usually act as the CHIS Handler, with the CHIS Controller role being allocated by the Chief Executive.
- Authorising Officers must be “an assistant chief officer or investigations manager” or above.
- The Authorising Officers should not be directly involved in the investigation.

## **APPENDIX B**

**NORTH HERTFORDSHIRE DISTRICT COUNCIL  
REGULATION OF INVESTIGATORY POWERS ACT  
2000 (RIPA)**

**POLICY & PROCEDURES**



# REGULATION OF INVESTIGATORY POWERS ACT 2000

## POLICY AND PROCEDURES

### CONTENTS

	Page
1. Introduction and Background	3
2. Surveillance	5
3. Exclusions	<del>87</del>
4. Grounds for Surveillance	<del>98</del>
5. Acquisition and Disclosure of Communications Data	<del>9</del> <del>-10</del>
6. Procedure to obtain a RIPA Authorisation	<del>124</del>
7. <u>Magistrates' Court Approval</u>	<del>13</del>
8. <u>Duration of Authorisations</u>	<del>132</del>
9. Authorising Officers	<del>134</del>
10. Working with/ through other agencies	<del>175</del>
11. Record Management	<del>186</del>
12. Recorded Material Obtained During Investigation	<del>198</del>
13. Social Networking Sites	<del>2048</del>
14. Training	<del>2248</del>
15. <u>Elected Member Involvement</u>	<del>2349</del>
Appendix A Flow Chart of RIPA Process	
Appendix B Authorising Officers	
Appendix C Forms	

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## 1 INTRODUCTION & BACKGROUND

1.1 This Policy is the framework on which the Council applies the provisions of The Regulation of Investigatory Powers Act 2000 (RIPA) as it relates to covert surveillance. It must be read in conjunction with the statutory codes of practice issued by the Secretary of State and any additional guidance provided by [Investigatory Powers Commissioner's Office \(IPCO\) \(formerly the Office of Surveillance Commissioners – OSC\)](#) and individual Directorates to deal with the specific issues of their service.

1.2 For the avoidance of doubt, all references to the Home Office Codes of Practice relate to the latest versions which were issued in August 2018 in relation to covert surveillance and covert human intelligence sources; and 2016 in relation to the acquisition and disclosure of communications data. References to the OSC Procedures and Guidance document relate to the latest version which was issued in July 2016

4.21.3 The Human Rights Act 2000 requires the Council to have respect for the private and family life of citizens. However in rare cases, it may be lawful, necessary and proportionate for the Council to act covertly in ways that may interfere with an individual's rights.

4.31.4 The rights conferred by Article 8 of the Human Rights Act are qualified so it is still possible for a public authority to infringe those rights providing the following criteria are satisfied;

4.3.41.4.1 **It is done in accordance with the law**

4.3.21.4.2 **It is necessary:** Necessity means that in the particular circumstances of each enquiry there is no reasonably available overt method of obtaining the information that is being sought. This test will have to be applied to each case on its own merits but if there is a reasonable alternative to covert surveillance then the necessity test will probably not be satisfied.

4.3.31.4.3 **It is proportionate:** Judging proportionality will probably involve three considerations.

- Is the proposed method of surveillance excessive in relation to the seriousness of the matter that is being investigated? Is it proportional to the mischief under investigation?
- Is there a reasonable available alternative method of investigation that would be less intrusive of privacy rights? i.e. It is the only option, other overt means having been considered and discounted.

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- Can collateral intrusion be avoided, and is the surveillance proportional to the degree of anticipated intrusion on the target and others? In addition to the subject there may be a possibility that the privacy rights of a third party may be infringed during surveillance.

| 4.41.5 It is possible that unauthorised surveillance will be a breach of a person's right to privacy under Article 8. Even if surveillance without due authorisation in a particular instance is not illegal, if authorisation is not obtained, the surveillance carried out will not have the protection that RIPA affords.

| 4.51.6 If the correct procedures are not followed:

- The authorisation will not take effect as it will not be approved by the Magistrates Court if there are not reasonable grounds
- Court proceedings that rely upon the information obtained by surveillance may be undermined
- A complaint of maladministration may be made to the Ombudsman
- ~~The Council could be the subject of an adverse rReport by the Office of~~
- ~~Surveillance CommissionersInvestigatory Powers Commissioner's~~  
~~Office~~
- A claim could be made leading to the payment of compensation by the Council

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| 4.61.7 Through the application of authorisation procedures and Magistrates Court approval RIPA ensures that a balance is maintained between the public interest and the human rights of individuals.

| 4.71.8 RIPA does not;

- Make unlawful anything that is otherwise lawful
- Impose any new statutory duties (N.B. but see paragraphs 1.5 –1.7 on the possible consequences of non compliance)
- Prejudice or disapply any existing powers available to the Council to obtain information by any means not involving conduct that is governed by RIPA. (For example it does not affect the Council's current powers to obtain information from the DVLA or the Land Registry).

| 4.81.9 If the RIPA procedures are followed correctly the conduct of an investigation will be deemed lawful for all purposes (section 27 RIPA). This protection extends to criminal and civil proceedings, Employment Tribunal hearings and a complaint to either the Local Government Ombudsman or the Investigatory Powers Tribunal. It therefore provides protection both for the Council and any officer who may have been involved in an investigation.

| 4.91.10 It is important to note that the legislation does not only affect directly employed Council staff. Where external agencies are working for North Hertfordshire District Council, carrying out the Authority's statutory functions, the Authority remains liable for compliance with its duties. It is essential that all external agencies comply with the regulations, as they are contractually obliged to do so. Therefore, work carried out by agencies on the Council's behalf should be properly authorised by one of the Council's designated Authorising Officers and requires Magistrates Court approval. Authorisation

for surveillance should not be sought on behalf of another statutory or other organisation or agency. The advice of the Monitoring Officer should be sought in the event of uncertainty.

4.101.11 Applications to the Magistrates' Court for approval of an authorisation must be made in accordance with the requirements of the Court.

4.111.12 The use of the powers conferred by RIPA is subject to scrutiny by the ~~Office of the Surveillance Commissioners~~ Investigatory Powers Commissioner's Office, which carries out periodic inspections of the Council's practices and procedures. Furthermore RIPA also provides for the establishment of a Tribunal to determine complaints about the use of RIPA powers. It is therefore essential that surveillance is always carried out in compliance with RIPA, the policies and codes of practice referred to in this document and any advice or guidance that may be issued from time to time by the Service Director: Legal and Community.

4.121.13 RIPA provides a means of authorising certain acts of covert surveillance for a variety of purposes. To fully understand the effects of RIPA, it is essential to understand the various types of activity that are covered, and those that are not permitted, and the purposes that will justify surveillance.

4.131.14 The provisions of RIPA that apply to Local Authorities provide a regulatory framework that permits;

- **The use of Directed Surveillance (Part 3)**
- **The Use of Covert Human Intelligence Sources (Part 4)**
- **The Acquisition and Disclosure of Communications Data (Part 5)**

## 2. SURVEILLANCE

2.1 Local Authorities and the Police are permitted under RIPA to carry out covert directed surveillance and to use covert human intelligence sources the definitions for each being as follows;

2.2 "Surveillance" includes:

- Monitoring, observing, listening to persons, watching or following their movements, listening to their conversations or their other activities or communications;
- Recording anything monitored, observed or listened to in the course of surveillance; and
- Surveillance by, or with, the assistance of a surveillance device, which will include cameras, video, and listening or recording devices.

Surveillance can be either **overt** or **covert**.

### 2.3 Overt Surveillance

2.3.1 Most of the surveillance undertaken by the Council will be done overtly there will be nothing secretive, clandestine or hidden about it. In many cases

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officers will be going about Council business openly (e.g. a routine inspection by an Environmental Health Officer) or will have notified the subject of the investigation that they are likely to be under surveillance. In the latter case officers need to be particularly alert to the possibility that the proposed surveillance may entail collateral intrusion into the lives and activities of persons other than the subject of the investigation (e.g. a visitor to premises). If there is the slightest possibility of collateral intrusion a RIPA authorisation should be obtained before any surveillance is carried out.

2.3.2 Surveillance will be overt if the subject has been told it will happen. This will be the case where a noisemaker is warned that recordings will be made if the noise continues; or where an entertainment licence is issued subject to conditions, and the licensee is told that officers may visit without notice or without identifying themselves to the owner/proprietor to check that the conditions are being met. Such warnings should be given to the person concerned in writing.

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2.3.3 Overt surveillance does not require any authorisation under RIPA. Neither does low-level surveillance consisting of general observations in the course of law enforcement (for example, an officer visiting a site to check whether a criminal offence had been committed). Repeated visits may amount to systematic surveillance however, and require authorisation: if in doubt, advice should be sought from the RIPA Monitoring Officer or the Senior Responsible Officer

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2.3.4 Home Office guidance also suggests that the use of equipment such as binoculars or cameras, to reinforce normal sensory perception by enforcement officers as part of general observation does not need to be regulated by RIPA, as long as the systematic surveillance of an individual is not involved. However, if binoculars or cameras are used in relation to anything taking place on any residential premises, or in any private vehicle, the surveillance can be intrusive even if the use is only fleeting. Any such surveillance will be intrusive "if it consistently provides information of the same quality as might be expected to be obtained from a device actually present on the premises or in the vehicle". The quality of the image obtained rather than the duration of the observation is what is determinative. It should be remembered that the council is not permitted to undertake intrusive surveillance.

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2.3.5 Use of body worn cameras should be overt. Badges should be worn by officers stating body cameras are in use and it should be announced that recording is taking place. In addition, cameras should only be switched on when recording is necessary – for example, when issuing parking tickets.

## 2.4 Covert Surveillance

Covert surveillance is covert where it is 'carried out in a manner **calculated** to ensure that the person or persons subject to the surveillance are unaware that it is or may be taking place'.

RIPA requires the authorisation of two types of covert surveillance (directed surveillance and intrusive surveillance) plus the use of covert human intelligence sources (CHIS) or acquisition of communications data.

## 2.5 Covert Human Intelligence Source (CHIS)



2.5.1 A person is a covert human intelligence source if 'he establishes or maintains a personal or other relationship with a person for the covert purpose of obtaining information or providing access to any information to another person, or he covertly discloses information obtained by the use of such a relationship'. Covert in this context means that it is calculated that the subject should be unaware of the purpose of the relationship.

A member of the public who volunteers information to the Council is not a covert human intelligence source.

2.5.2 The conduct or use of CHIS must be authorised in accordance with RIPA.

**Conduct** of a CHIS. This is establishing or maintaining a personal or other relationship with a person for the covert purpose of (or is incidental to) obtaining or passing on information.

**Use** of a CHIS. This includes inducing, asking or assisting a person to engage in the conduct of a source or to obtain information by means of the conduct of such a source.

The use of a juvenile CHIS may only be authorised for one month at a time.

2.5.3 Members of the public who report allegations of anti social behaviour and are asked to keep a note of incidents will not normally be CHIS as they are not usually required to establish or maintain a covert relationship.

2.5.4 Noise

Persons who complain about excessive noise, and are asked to keep a noise diary, will not normally be a CHIS, as they are not required to establish or maintain a relationship for a covert purpose. Recording the level of noise (e.g. the decibel level) will not normally capture private information, and therefore does not require authorisation. Recording sound with a DAT recorder or similar, could constitute intrusive surveillance, unless it is done overtly – for example it will be possible to record sound if the noisemaker is warned that this will occur if the level of noise continues.

However, if the Council serves notice on the owner/occupier of the premises and the source of the noise is a third party, authorisation under RIPA may be required. The investigation may (i) be covert in relation to that third party and (ii) may reveal private information about them.

2.5.5 Test Purchases

Carrying out test purchases will not normally require the purchaser to establish a relationship with the supplier with the covert purpose of obtaining information, and therefore the purchaser will not normally be a CHIS. For example, authorisation would not normally be required for test purchases carried out in the ordinary course of business (e.g. walking into a shop and purchasing a product over the counter). By contrast, developing a relationship with a person in the shop, to obtain information about the seller's suppliers of an illegal product e.g. illegally imported wild meat, is likely to require authorisation as a CHIS. Similarly, using hidden recording devices to record what is going on in the shop (e.g. a hidden CCTV Camera) may require

authorisation as directed surveillance. A combined authorisation can be provided if a CHIS is carrying out directed surveillance.

**2.5.6 Note 251 of the OSC's 2016 Procedures & Guidance document states:**

*2.5.6—251. A local authority may prefer to seek the assistance of the police or another public authority to manage its CHIS. In such a case a written protocol between the parties should be produced in order to ensure that an identified CHIS is properly managed (see CHIS Code of Practice 6.12). In the absence of such an agreement the local authority must be capable of fulfilling its statutory responsibilities.*

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## 2.6 Directed surveillance

Directed Surveillance is surveillance that is:

- covert but not intrusive surveillance; (see paragraph 3.2)
- undertaken for the purpose of a specific investigation or operation carried out in such a manner as is likely to result in the obtaining of private information about a person (whether or not one specifically identified for the purposes of the investigation or operation) and
- not carried out as an immediate response to events which would otherwise make seeking authorisation under RIPA unreasonable (e.g. spotting something suspicious and continuing to observe it).

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2.7 Surveillance by way of an immediate response to events or circumstances where it would not be 'reasonably practicable' for an authorisation to be sought is not included within the provisions of RIPA.

## 2.8 Private Information

This phrase is defined in RIPA section 26-(10) as including any information relating to a person's private or family life. The European Court of Human Rights has considered this definition and has found that private life is a broad term not susceptible to exhaustive definition. Aspects such as gender identification, name, sexual orientation and sexual life are important elements of the personal sphere protected by Article 8. The Article also protects a right to identity and personal development and the right to establish and develop relationships with other human beings and the outside world and it may include activities of a professional or business nature. There is therefore a zone of interaction of a person with others even in a public context, which may fall within the scope of "private life".

The fact that covert surveillance occurs in a public place or on business premises does not necessarily mean that it cannot result in the acquisition of private information about a person. Prolonged surveillance targeted on a single person will undoubtedly result in the obtaining of private information about him/her and others that he / she comes into contact with or with whom they associate. Similarly, although the overt use of CCTV cameras does not normally require authorisation, if the camera is used for a particular purpose that involves the prolonged surveillance of a particular person, a RIPA authorisation will be required.

### 3 EXCLUSIONS

3.1 There are some instances where surveillance is not permissible in any circumstances:

#### 3.2 Intrusive Surveillance

RIPA provides that the Council **cannot** authorise intrusive surveillance. This is covert surveillance carried out in relation to anything taking place on residential premises or in any private vehicle, whether by way of a person or device.

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It will also be intrusive surveillance where a device placed outside consistently provides information of the same or equivalent quality and detail, as might be expected if it were in the premises or vehicle

Residential **P**remises are any part of premises occupied for residential purposes or living accommodation, including hotel rooms or prison cells. However, it does not include common areas in blocks of flats and similar premises.

Private vehicle is a vehicle used primarily for private purposes by the owner or person entitled to use it.

Only the police or other law enforcement agencies are permitted to employ intrusive surveillance. Likewise, the council has no statutory powers to interfere with private property.

#### 3.3 Use of Children to gather information about parent/ guardian

Authorisation may not be granted for the conduct or use of a source under the age of sixteen where it is intended that the purpose is to obtain information about his parent or any person who has parental responsibility for him.

#### 3.4 Vulnerable Individuals

A vulnerable individual is a person who is, or may be, in need of community care services by reason of mental or other disability, age or illness and who is or may be unable to take care of themselves, or unable to protect themselves against significant harm or exploitation. A vulnerable individual will only be authorised as a CHIS in the most exceptional of circumstances.

### 4 GROUNDS FOR SURVEILLANCE

4.1—Amendments to the Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) Order 2010 ("the 2010 Order") mean that a local authority can now only grant an authorisation under RIPA for the use of Directed Surveillance where the local authority is investigating criminal offences which attract a custodial sentence of a maximum term of at least 6 months' imprisonment, or criminal offences relating to the underage sale of alcohol or tobacco under sections 146, 147 or 147A of the Licensing Act 2003 or section 7 of the Children and Young Persons Act 1933. Authorisations cannot be granted unless specific criteria are satisfied. The only criteria that applies to the Council is:

~~\_\_\_\_\_~~  
~~\_\_\_\_\_ for the purpose of preventing or detecting conduct which~~  
~~\_\_\_\_\_~~

~~(a) \_\_\_\_\_ constitutes one or more criminal offences, or~~

~~(b) \_\_\_\_\_ is, or corresponds to, any conduct which, if it all took place in England and Wales, would constitute one or more criminal offences.~~

~~\_\_\_\_\_~~  
~~\_\_\_\_\_ And the criminal offence or one of the criminal offences is or would be:~~  
~~\_\_\_\_\_~~

~~(a) \_\_\_\_\_ an offence which is punishable by a maximum term of at least six months of imprisonment, or~~

~~(b) \_\_\_\_\_ an offence under section 146, 147, or 147A of the Licensing Act 2003 (sale of alcohol to children);~~

~~4.1 \_\_\_\_\_~~

4.2 Even if the person granting the authorisation believes that the authorisation is necessary, he must also be satisfied that the authorised activity is proportionate to what is sought to be achieved by it. This requires the Authorising Officer to balance the need for surveillance with the level of intrusion into any person's privacy.

4.3 Particular consideration should be given to collateral intrusion, which is interference with the privacy of persons other than the subject(s) of the surveillance. Such collateral intrusion or interference would be a matter of greater concern in cases where there are special sensitivities, for example in cases of premises used by lawyers or for any form of medical or professional counselling or therapy.

4.4 Confidential information

Careful consideration is also needed when there is a risk of obtaining confidential information. This consists of matters subject to

- legal privilege, which is communication between a lawyer and client;
- confidential personal information relating to physical or mental health; or to spiritual counselling or other assistance given or to be given, and which a person has acquired or created in the course of any trade, business, profession or other occupation, or for the purposes of any paid or unpaid office where there is an undertaking to hold it in confidence; or
- confidential journalistic material.

In cases where it is likely that confidential information will be acquired the authorisation must be granted by the Chief Executive as Head of the Paid Service (or in his absence by an authorised Chief Officer)

4.5 An application for an authorisation must include a full assessment of the risk of any collateral intrusion or interference so that the Authorising Officer can consider this.

4.6 Authorising Officers must always consider the need for surveillance or CHIS and balance this against an individual's right to privacy under the Human Rights Act 1998. An officer seeking an authorisation should always be able to justify why it is necessary and why other, less intrusive, forms of investigation

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are unsuitable or have previously been tried without success and thus the matter has escalated to the requirement for covert surveillance.

## **5 ACQUISITION AND DISCLOSURE OF COMMUNICATIONS DATA**

5.1 The powers contained in Part 1 of Chapter 2 of RIPA permit Local Authorities to obtain information relating to the use of a postal service or telecommunications system. **It does not permit access to the content of the communication.**

5.2 The Information can be obtained in two ways:

- by Authorisation
- by Notice.

5.3 An authorisation, with Magistrates Court approval, permits the Local Authority to obtain the data itself. A notice would be given to the postal or telecommunications operator which is then obliged to provide the Authority with the information stipulated in the notice.

5.4 **An authorisation or notice can only be obtained where it is necessary for the purpose of preventing or detecting crime or of preventing disorder.**

### **5.5 Definition of Communications Data**

- any traffic data comprised in or attached to a communication (whether by the sender or otherwise) for the purposes of any postal service or telecommunications system by means of which it is being or may be transmitted. **(Traffic Data).**
- any information which includes none of the contents of a communication (apart from information falling within above paragraph and is about the use made by any person of any postal service or telecommunications service or in connection with the provision to or use by any person of any telecommunications service or any part of a telecommunications system. **(Service Data).**
- any information not falling within either of the above paragraphs that is held or obtained in relation to persons to whom he provides the service by a person providing a postal service or telecommunications service. **(Subscriber Data).**

5.6 **Traffic Data** in relation to communications means:

- any data identifying or purporting to identify, any person, apparatus or location to or from which the communication is or may be transmitted
- any data identifying or selecting or purporting to identify or select apparatus through which, or by means of which the communication is or may be transmitted
- any data comprising signals for the actuation of apparatus used for the purposes of a telecommunications system for effecting (in whole or in part) the transmission of any communication and

- any data identifying the data or other data as data comprised in or attached to a particular communication.

but that expression includes data identifying a computer file or computer program access to which is obtained, or which is run by means of the communication to the extent only that the file or program is identified by reference to the apparatus in which it is stored.

**Traffic Data** therefore covers the sender and recipients of a communication; the location of a communication, online tracking of it; call detail records for specific calls, web browsing information (which sites have been visited and for how long) and postmarks and postal addresses.

**Service Data** covers connection records, timing and duration of calls, connection, re-connection and disconnection data, use of forwarding or re-direction services, additional telecommunications services and records of postal items.

**Subscriber Data** includes information on subscribers of e-mail and telephone accounts, account information, including payment details, addresses for installing and billing and abstract personal records such as sign up data.

**Local Authorities can only access Service and Subscriber Data. An authorisation will last for one month following Magistrates' Court approval and should be renewed or cancelled as appropriate.**

## 6. PROCEDURE TO OBTAIN A RIPA AUTHORISATION

- 6.1 Directed surveillance, the use of CHIS and the acquisition of communications data must be lawfully carried out in strict accordance with the terms of the relevant authorisation and Magistrates Court approval.
- 6.2 The Council will only very occasionally make use of CHIS so the applicant officer should consult the Monitoring Officer before making an application for a CHIS authorisation in order to ensure that the current statutory requirements and best practice are being observed.
- 6.3 Applications for authorisations and notices requesting communications data must be processed through the Council's Home Office accredited single point of contact. As the need to obtain such information will only very occasionally arise the applicant officer should contact the Monitoring Officer before making an application in order to ensure that current statutory requirements and best practice are being observed.
- 6.4 All applications for authorisation must be sought and granted *before* any surveillance activity takes place. The decision whether or not to authorise an application must not be taken with the benefit of hindsight. This should be borne in mind when submitting an application to the Magistrates' Court under Paragraph 7 below.

### 6.5 Making the Application

Before making an application for an authorisation the requesting officer must;

- read this policy document

- determine whether the activity that they are proposing to conduct involves directed surveillance or the use of a CHIS
- assess whether the activity will be in accordance with the law – is it governed by RIPA
- assess whether the activity is necessary and why
- assess whether the activity is proportionate.

**If the activity could be conducted overtly or if a less intrusive option is available and practical use that option in preference to a RIPA authorisation.**

- 6.6 The application form once completed by the applicant officer, must be submitted to an Authorising Officer, together with a health and safety risk assessment that should cover any potential risks to Council officers, or third parties, including members of the public.
- 6.7 The persons entitled to grant authorisations are designated in the Schedule of Authorising Officers, which is kept by the Monitoring Officer and is accessible on the Council's Intranet
- 6.8 The Authorising Officer should note:
- the date and time of grant or refusal;
  - the reasons for that decision;
  - the exact date on which the authorisation will be reviewed.
- 6.9 An application must describe:
- any conduct to be authorised;
  - the purpose of the investigation and how long the situation has existed;
  - why it is necessary;
  - why it is proportionate;
  - the intended subjects, if known;
  - the intended product that the surveillance will provide;
  - any potential collateral intrusion and the justification for this;
  - details of any confidential information that may be obtained;

## **6.10 The Application Forms**

- 6.10.1 The Home Office has published standard forms for the use by local authorities. These have been adopted by the Council and can be accessed through the Intranet under *Corporate – Forms - RIPA*. Every box in the application form must be completed or marked n/a where it is not appropriate.
- 6.10.2 Each operation/ investigation must be allocated a unique reference number (URN). This will be the next number in sequence taken from the Central RIPA Log, as identified by the Authorising Officer and should be entered on the form.

## **| 7. MAGISTRATES' COURT APPROVAL**

7.1 All RIPA authorisations will require Magistrates' Court approval in the form of an order to take effect. The court must be satisfied that reasonable grounds exist in relation to the authorisation.

7.2 Legal Services must be consulted on the form and content of the application to the Magistrates' Court for approval.

### **7.38 DURATION OF AUTHORISATIONS**

~~8.1 It is no longer possible for urgent authorisations to be given orally. However, a Magistrate may consider an authorisation out of hours in exceptional circumstances.~~

~~7.4 Oral authorisations will expire after 72 hours, unless ratified by a written authorisation, beginning with the time when the grant or renewal of an authorisation takes effect.~~

~~7.58.2~~ Directed surveillance authorisations will cease to have effect (unless renewed) at the end of a period of three months beginning with the day on which it took effect:

- three months' is deemed for the purpose of this guidance to mean three calendar months/twelve weeks from the start date of the operations

~~7.68.3~~ Authorisations for the conduct or the use of covert human intelligence sources will last for up to 12 months, beginning with the day on which the grant or renewal takes effect.

~~7.78.4~~ Authorisations relating to communications data last 1 month.

### **7.88.5 Review**

~~7.8.18.5.1~~ The Authorising Officer must review authorisations frequently, at least monthly. The frequency of mid term reviews should be risk assessed based on the nature of the operation.

~~7.8.28.5.2~~ RIPA application forms must be reviewed on or before the expiry date of the authorisation which will be the date stated in the application form. When a RIPA authorisation is reviewed the appropriate form should be completed and record:

- the date and time of that review
- confirmation as to whether the surveillance is to continue or not
- the reasons for that decision

### **7.98.6 Renewal**

~~7.9.18.6.1~~ If at any time before an authorisation would cease to have effect, it is necessary for the authorisation to continue for the purpose for which it was given, it may be renewed in writing for a further period of 3 calendar months, beginning with the day when the original authorisation would have expired. Magistrates Court approval is required before a renewal takes effect.

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7.9.28.6.2 The Authorising Officer must consider the matter afresh, including taking into account the benefits of the surveillance to date and any collateral intrusion that has occurred.

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7.9.38.6.3 Authorisations may be renewed more than once, provided they continue to meet the criteria for authorisation and are approved by the Magistrates' Court.

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7.9.48.6.4 Prior to renewal of an authorisation for the use or conduct of a covert human intelligence source, there must be a full review of the use made of that source, the tasks given to that source and the information so obtained.

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## 7.108.7 Cancellation

7.10.18.7.1 The Authorising Officer must cancel an authorisation if they become satisfied that the surveillance is no longer required or appropriate.

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7.10.28.7.2 Authorisations should not be allowed simply to lapse. The matter should be referred to an Authorising Officer via the same process as for the initial application and a form of cancellation must be completed:

- if the necessary evidence has been obtained; or
- it is decided at any time that the surveillance is unlikely to produce the evidence sought, then.

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7.10.38.7.3 The Authorising Officer must then cancel the Application without delay. When cancelling the authorisation the Authorising Officer is required to consider whether the surveillance was effective, necessary and met its objectives. Cancellations must be made using the cancellation form and should briefly detail what product(s) resulted from the surveillance.

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8.7.4 When cancelling an authorisation, the Authorising Officer must ascertain what recorded material has been obtained by the use of directed surveillance. The Authorising Officer should comment on the recorded material and how it is to be managed or used thereafter. If the matter is not proceeding to a prosecution, the Authorising Officer must be satisfied that any recorded material has been securely destroyed.

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## 7.10.4 **AUTHORISING OFFICERS**

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### 9 **8. AUTHORISING OFFICERS**

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89.1 Authorisations may only be given by the Authorising Officers listed in Appendix B. Only the Chief Executive can authorise the use of a CHIS, or the acquisition of confidential information.

98.2 Applications for the acquisition of Communications data can only be issued by a Home Office accredited single point of contact (SPoC). The Council has two SPoCs, Service Director: Customers and the Investigations Manager.

9.3 The National Anti-Fraud Network (NAFN) provides a SPoC service to local authorities. Local authorities using the NAFN SPoC service will still be responsible for submitting any applications to a Magistrate and a designated person in the authority is still required to scrutinise and approve any applications.

### | 9.48.3 Determining an Application

The applicant officer must complete the application form in its entirety.

Authorisation under RIPA is quite separate from delegated authority to act under the Council's Scheme of Delegation. **RIPA authorisations are for specific investigations only and must be cancelled or renewed once the specific surveillance is complete, or about to expire.**

The Authorising Officer should not just "sign off" an authorisation, but must give **personal consideration** to the necessity and proportionality of the proposed action prior to applying to the Magistrates Court for approval and must personally ensure that the surveillance is reviewed and cancelled.

Any rejected applications must be entered into the RIPA log held by the Service Director: Legal and Community.

### | 9.58.4 In the case of applications for authority to carry out **directed surveillance** the Authorising Officer should:

- **Consider** the relevant Codes of Practice
- consider whether the specific operation or investigation has been adequately described
- be satisfied as to the reasons for the application. **N.B. A local authority can only use RIPA authorisations for the purpose of preventing or detecting crime or of preventing disorder. For directed surveillance to be authorised, it must be for the purpose of preventing or detecting conduct which constitutes/corresponds to a criminal offence punishable at least 6 months imprisonment (or an offence under section 146, 147, or 147A of the Licensing act 2003).**
- be satisfied that the directed surveillance is **necessary** in the circumstances of the particular case.
- be satisfied that the surveillance is **proportionate** to the stated purpose and objectives
- be satisfied that the possibility of collateral intrusion has been avoided or minimised
- consider the likelihood of confidential information being acquired
- check that an appropriate review period has been listed on the application form.

**If there is an alternative practicable means of carrying out the surveillance, which is less intrusive, then the surveillance is neither necessary nor proportionate and should not be authorised. The least intrusive method should be used**

### **Additional Factors when Authorising a CHIS**

In addition, when authorising the conduct or use of a CHIS the Authorising Officer must

- be satisfied that the **conduct** and/or **use** of the CHIS is proportionate to what is sought to be achieved.
- be satisfied that **appropriate arrangements** are in place for the management and oversight of the CHIS.
- consider the likely degree of intrusion of all those potentially effected.
- consider any adverse impact on community confidence that may result from the use or conduct or the information obtained.
- ensure **records** contain statutory particulars and are not available except on a need to know basis.
- ensure that authorisations relating to the use of a juvenile CHIS are only for one month at a time.
- be satisfied that a full risk assessment has been undertaken.

| 9.68-5 The role of Senior Responsible Officer (SRO) is undertaken by the Service Director: Legal and Community and Monitoring Officer. The role of RIPA Co-ordinating Officer is undertaken by the Monitoring Officer Technical Support & PA to Service Director: Legal and Community.

The SRO is responsible for:

- the integrity of the process in place within the public authority for the management of CHIS and Directed Surveillance;
- compliance with Part 2 of the Act and with the Codes;
- oversight of the reporting of errors to the relevant oversight Commissioner and the identification of both the cause(s) of errors and the implementation of processes to minimise repetition of errors;
- engagement with the OSC inspectors when they conduct their inspections, where applicable; and
- where necessary, oversight of the implementation of post-inspection action plans approved by the relevant oversight Commissioner.

| 9.78-6 The role of CHIS Handler will be allocated to either one of the Service Director: Place, Service Director: Customers, or Service Director: Regulatory, depending which directorate is using the CHIS. The CHIS Controller will be allocated to one of the other two heads of service by the Chief Executive.

The CHIS Handler is responsible for:

- dealing with the CHIS on behalf of the Council;
- directing the day to day activities of the CHIS;

- recording the information supplied by the CHIS; and
- monitoring the CHIS's security and welfare.

The CHIS Controller is responsible for management and supervision of the CHIS Handler, and general oversight of the use of CHIS.

## **109. WORKING WITH / THROUGH OTHER AGENCIES**

109.1 The Council may work in conjunction with other agencies to carry out covert surveillance and to use CHIS's, eg police, DWP, Inland Revenue (but does not include RSLs). It is not necessary for each party to complete its own form of authorisation, and the Council can rely upon a duly authorised form completed by another agency providing that the Authorising Officer is made aware and it has been approved by the Magistrates' Court if required. If another agency chooses to rely on a RIPA authorisation from this Council the Authorising Officer must be made aware.

10.2 A copy of another agency's authorisation should be obtained and copies kept in the same manner as an authorisation granted by the Council. Officers should also ensure that review and renewal dates are noted and that copies of the appropriate forms are also obtained and kept appropriately.

10.3 In the event that a member of staff has concerns that an authorisation, Magistrates' Court approval, review, or renewal completed by a partner agency does not comply with the law, codes of practice, or agreed arrangements for surveillance, they should refer the matter to an Authorising Officer of the Council for further action as necessary.

10.4 When another agency (e.g. the Police, Inland Revenue etc), wish to use the Council's premises or facilities (other than CCTV) for their own RIPA action, officers should normally co-operate unless there are good operational or management reasons as to why the Council's facilities should not be used for the agency's activities. Suitable insurance or other indemnities may be sought from the agency in return for the Council's co-operation. In such cases the Council's RIPA forms should not be used if it is merely assisting and is not actually involved in the RIPA activity.

## **110. RECORD MANAGEMENT**

110.1 The Council must keep a detailed record of all authorisations, Magistrates' Court approvals, reviews, renewals, and cancellations. Copies of all authorisations, Magistrates' Court approvals, records of oral authorisations, reviews, renewals, cancellations and refusals must be kept in a central register held by an Authorised Officer. In addition all original authorisations, records of oral authorisations, Magistrates' Court approvals, reviews, renewals, cancellations, refusals and other relevant documents must be sent to the RIPA Co-ordinating Officer, who maintains the central RIPA log (record of authorisations and rejections).

11.2 All information obtained during directed surveillance should be recorded in a surveillance log. This should be in a format that gives an accurate and suitably detailed account of the events observed and conversations heard at particular times.

11.3 Copies of all authorisations, records of oral authorisations, Magistrates' Court approvals, reviews, renewals, cancellations and refusals should be kept for a period of 5 years after the conclusion of any Court proceedings arising for which the surveillance or use of the CHIS was relevant. If it is believed that the records could be relevant to pending or future criminal proceedings, the officer in charge of the investigation shall confirm that they should be retained for a suitable further period, subject to any subsequent review, prior to the expiry of the five year period. This decision must be notified to the Service Director: Legal and Community.

#### 11.4 Records maintained in the Directorates and Centrally

11.4.1 Generally, all material (in whatever media) produced or obtained during the course of investigations subject to RIPA authorisation (whether authorised or not), should be processed, stored and destroyed in accordance with the requirements of the [Data Protection Act 2018](#), General Data Protection Regulation (GDPR) (EU) 2016/679, the Freedom of Information Act 2000 and any other legal requirements, including those of confidentiality and the Council's policies and procedures regarding document retention. The following paragraphs give guidance on some specific situations, but advice should be sought from the Service Director: Legal and Community, or the Data Protection and Freedom of Information Officer where appropriate. All documents must be retained securely and electronic copies of documents must be password protected.

11.4.2 Copies of the following documents must be retained securely in the departments. Original documents must be sent to the Monitoring Officer within 5 working days. They should be submitted in a sealed envelope marked "Confidential RIPA forms".

- The application and the authorisation together with any supplementary documentation and notification of the approval given by the Authorising Officer;
- The application to the Magistrates' Court and any relevant approval/court order;
- A record of the period over which the surveillance has taken place;
- The frequency of reviews prescribed by the Authorising Officer;
- A record of the result of each review of the authorisation;
- Any renewal of an authorisation, together with the supporting documentation submitted when the renewal was requested and Magistrates' Court approval;
- The date and time when any instruction was given by the Authorising Officer.
- An electronic log is maintained centrally on a restricted public folder within G/drive. The Log is kept in a password-protected Excel spreadsheet, located in drive G/RIPA 2000/ RIPA Log. Only Authorising Officers can view it.
- The Council shall retain records for a period of at least 6 years from the ending of the authorisation. The [Office of the Surveillance Commissioners \(OSC\)-Investigatory Powers Commissioner's Office \(IPCO\)](#) can review the Council's policies and procedures and individual authorisations. The [OSC IPCO](#) usually provide notice before an inspection, but can arrive unannounced.

**Copies of authorisations, renewals and cancellations are discoverable in legal proceedings. If proper records are not maintained, evidence gathered may be inadmissible.**

| 11.5 Records Relating to the CHIS

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- 11.5.1 All information obtained by the CHIS and by the officer responsible for recording the use of the CHIS should be recorded by means of a daily log. This should be in a format that gives an accurate and suitably detailed account of the events observed and conversations heard at particular times.
- 11.5.2 All information recorded in respect of authorisations, surveillance or the use of CHIS must only be disclosed for the purposes for which it was gathered at the time or for use in any future civil or criminal proceedings brought by or against the Council.
- 11.5.3 Records which reveal the name(s) of the CHIS should only be disclosed to persons to the extent that there is a need for access to them; if legally necessary; or if ordered by any Court.
- 11.5.4 When it is intended to employ a CHIS a record must be kept that records all the detail specified in Appendix 2. The officer in charge of maintaining a record of the use of each CHIS should record all these details. The way these records are kept is designed to try to keep the CHIS safe from discovery by the subjects and safe from any harm which could result from their disclosure and also to keep in the open any money or other benefits paid to a CHIS who is not an employee officer of an authorising body.

| **124. RECORDED MATERIAL OBTAINED DURING INVESTIGATIONS**

- | 124.1 Where recorded material (in any form or media) is obtained during the course of an investigation which might be relevant to that investigation, or another investigation, or to pending or future civil or criminal proceedings, then it should **not** be destroyed, but retained in accordance with the requirements of the [Data Protection Act 2018](#), General Data Protection Regulation (GDPR) (EU) 2016/679, the Freedom of Information Act 2000, and any other legal requirements, including those of confidentiality, and the Council's policies and procedures regarding document retention. Advice should be sought from the Monitoring Officer or the Information and Records Manager.
  - | 124.2 Where recorded material is obtained, which is not related to a criminal or other investigation or to any person who is the subject of the investigation, and there is no reason to suspect that it will be relevant to any future civil or criminal proceedings, it should be destroyed immediately.
  - | 124.3 Recorded Material obtained in the course of an investigation may be used in connection with investigations other than the one that the relevant authorisation was issued for. However, the use or disclosure of such material outside the Council, unless directed by any court order, should only be considered in exceptional circumstances and in accordance with advice from the Monitoring Officer.
- 12.4 Where recorded material obtained is of a confidential nature, then the following additional precautions should be taken:

- Confidential recorded material should not be retained or copied unless it is necessary for a specified purpose;
- Confidential recorded material should only be disseminated in accordance with legal advice that it is necessary to do so for a specific purpose;
- Confidential recorded material which is retained should be marked with a warning of its confidential nature. Safeguards should be put in place to ensure that such recorded material does not come into the possession of any person where to do so might prejudice the outcome of any civil or criminal proceedings;
- Confidential recorded material should be destroyed as soon possible after it is used for the specified purpose.
- Confidential recorded material should be made available for the Office of Surveillance Commissioners at the time of any Inspection.

12.5 If there is any doubt as to whether material is of a confidential nature, advice should be sought from the Monitoring Officer.

12.6 The Authorising Officer must ascertain what material has been obtained by the use of directed surveillance. The Authorising Officer should comment on the material and how it is to be managed or used thereafter. If the matter is not proceeding to a prosecution, the Authorising Officer must be satisfied that any material has been securely destroyed.

### 132. SOCIAL NETWORKING SITES

132.1 Where privacy settings are available but not applied the data available on Social Networking Sites may be considered 'open source' and an authorisation is not usually required.

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132.2 Repeat viewing of 'open source' sites, however, may constitute directed surveillance on a case by case basis and this should be borne in mind e.g. if someone is being monitored through, for example, their Facebook profile for a period of time and a record of the information is kept for later analysis, this is likely to require a RIPA authorisation for directed surveillance.

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132.3 To avoid the potential for inadvertent or inappropriate use of social network sites in investigative and enforcement roles, Council Officers should be mindful of any relevant guidance [and the Council's separate policy regarding the use of Social Networking Sites: Conduct of Investigations].

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13.4 The Home Office Revised Code of Practice on Covert Surveillance and Property Interference, published in August 2018, provides the following guidance in relation to online covert activity:

*'The growth of the internet, and the extent of the information that is now available online, presents new opportunities for public authorities to view or gather information which may assist them in preventing or detecting crime or carrying out other statutory functions, as well as in understanding and engaging with the public they serve. It is important that public authorities are able to make full and lawful use of this information for their statutory purposes. Much of it can be accessed without the need for RIPA authorisation; use of the internet prior to an investigation should not normally engage privacy considerations. But if the study of an individual's online presence becomes persistent, or where material obtained from any check is to be extracted and recorded and may engage privacy considerations, RIPA*

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authorisations may need to be considered. The following guidance is intended to assist public authorities in identifying when such authorisations may be appropriate.

The internet may be used for intelligence gathering and/or as a surveillance tool. Where online monitoring or investigation is conducted covertly for the purpose of a specific investigation or operation and is likely to result in the obtaining of private information about a person or group, an authorisation for directed surveillance should be considered, as set out elsewhere in this code. Where a person acting on behalf of a public authority is intending to engage with others online without disclosing his or her identity, a CHIS authorisation may be needed (paragraphs 4.10 to 4.16 of the Covert Human Intelligence Sources code of practice provide detail on where a CHIS authorisation may be available for online activity).

In deciding whether online surveillance should be regarded as covert, consideration should be given to the likelihood of the subject(s) knowing that the surveillance is or may be taking place. Use of the internet itself may be considered as adopting a surveillance technique calculated to ensure that the subject is unaware of it, even if no further steps are taken to conceal the activity. Conversely, where a public authority has taken reasonable steps to inform the public or particular individuals that the surveillance is or may be taking place, the activity may be regarded as overt and a directed surveillance authorisation will not normally be available.

As set out below, depending on the nature of the online platform, there may be a reduced expectation of privacy where information relating to a person or group of people is made openly available within the public domain, however in some circumstances privacy implications still apply. This is because the intention when making such information available was not for it to be used for a covert purpose such as investigative activity. This is regardless of whether a user of a website or social media platform has sought to protect such information by restricting its access by activating privacy settings.

Where information about an individual is placed on a publicly accessible database, for example the telephone directory or Companies House, which is commonly used and known to be accessible to all, they are unlikely to have any reasonable expectation of privacy over the monitoring by public authorities of that information. Individuals who post information on social media networks and other websites whose purpose is to communicate messages to a wide audience are also less likely to hold a reasonable expectation of privacy in relation to that information.

Whether a public authority interferes with a person's private life includes a consideration of the nature of the public authority's activity in relation to that information. Simple reconnaissance of such sites (i.e. preliminary examination with a view to establishing whether the site or its contents are of interest) is unlikely to interfere with a person's reasonably held expectation of privacy and therefore is not likely to require a directed surveillance authorisation. But where a public authority is systematically collecting and recording information about a particular person or group, a directed surveillance authorisation should be considered. These considerations apply regardless of when the information was shared online.'

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### 143. TRAINING



- | 143.1 Training on RIPA and the procedures set out in this policy document will be given or authorised by the Service Director: Legal and Community. Any officer who wishes to undertake surveillance or employ a CHIS and all Authorising Officers must receive and maintain suitable training before signing any RIPA authorisations.
- | 143.2 A Central Register of all officers who have received training on RIPA will be maintained by the Service Director: Legal and Community.
- | 143.3 As part of the periodic review of this Policy and Procedures the Monitoring Officer will determine any ongoing training needs both for Authorising Officers and applicant officers. Refresher courses will be held as necessary.
- | 143.4 The responsibility for ensuring that staff receive appropriate training in connection with RIPA lies with Service Directors.
- | 143.5 The purpose of the training will be to ensure that both applicant and Authorising Officers are not only familiar with the law governing RIPA regulated activities, but also receive practical advice on the making and consideration of applications. In particular the training will be aimed at familiarising officers with the evidence that is needed to show that a covert operation is necessary, proportionate and likely to be conducted in a manner that will minimise collateral intrusion.
- | 143.6 The training will also emphasise the need for Authorising Officers to state clearly the nature of the covert activity that they are authorising and the parameters of that activity i.e. what, where, when, how and against whom.
- | 143.7 The importance of setting and observing review, cancellations and renewal dates will form part of the training.
- | 143.8 The Monitoring Officer will invite pertinent officers to a biannual forum to discuss RIPA and issues relating to enforcement. The forum should aim to benchmark best practice.

| **154. ELECTED MEMBER INVOLVEMENT**

- | 154.1 Two new Codes of Practice came into effect on 6 April 2010:
  - Regulation of Investigatory Powers (Covert Human Intelligence Source: Code of Practice) Order 2010
  - Regulation of Investigatory Powers (Covert Surveillance and Property Interference: Code of Practice) Order 2010
- | 154.2 The Codes of Practice state that elected members should:
  - Set the RIPA policy at least once a year
  - Review the local authority's use of RIPA
  - Consider internal reports on the use of RIPA on at least a quarterly basis

15.3 The Terms of Reference for Cabinet in the Council's Constitution state that Cabinet is:

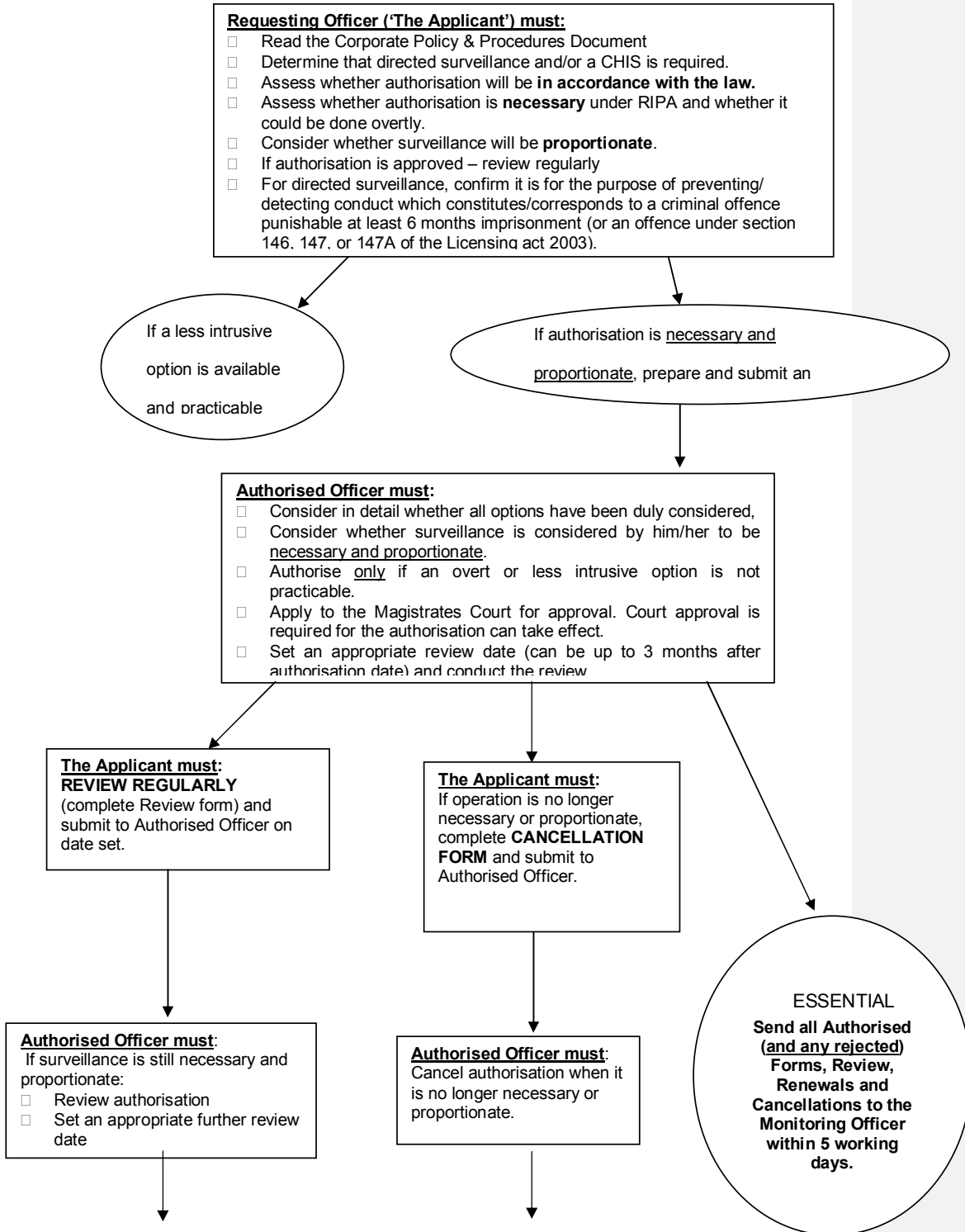
“To prepare and agree to implement policies and strategies other than those reserved to Council.”

The setting of the RIPA policy annually is therefore a role for Cabinet. The Partnerships Scrutiny Sub Committee will consider the Policy annually and make recommendations to Cabinet.

- | 154.4 The requirement for members to review the local authority’s use of RIPA and consider internal reports on the use of RIPA on at least a quarterly basis is to be undertaken by the Overview and Scrutiny Committee in accordance with the terms of reference for that Committee contained in the Council’s constitution.

APPENDIX A

**FLOW CHART OF RIPA PROCESS**



- Send all Quarterly Returns to MO
- Regulation of Investigatory Powers (Covert Human Intelligence Source: Code of Practice) Order 2010
- Regulation of Investigatory Powers (Covert Surveillance and Property Interference: Code of Practice) Order 2010
- The Codes of Practice state that elected members should:
  - Set the RIPA policy at least once a year
  - Review the local authority's use of RIPA
  - Consider internal reports on the use of RIPA on at least a quarterly basis



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## APPENDIX B

### AUTHORISING OFFICERS AND RESPONSIBLE OFFICERS

<b>RIPA Authorising Officers</b>	Chief Executive, or in his absence the Deputy Chief Executive, Service Director: Place, Service Director: Customers, Service Director: Regulatory
<b>Authorising operations where confidential information may be obtained</b>	Chief Executive only
<b>CHIS Authorising Officer</b>	Chief Executive only
<b>CHIS Controller/Handler</b>	Service Director: Place Service Director: Customers Service Director: Regulatory
<b>Senior Responsible Officer</b>	Service Director: Legal and Community and Monitoring Officer
<b>RIPA Co-ordinating Officer</b>	PA to Service Director: Legal and Community

Please note:

- Where use of a CHIS is authorised, the head of the directorate carrying out the activity shall usually act as the CHIS Handler, with the CHIS Controller role being allocated by the Chief Executive.
- Authorising Officers must be “an assistant chief officer or investigations manager” or above.
- The Authorising Officers should not be directly involved in the investigation.

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**CABINET  
29 JANUARY 2019**

**PUBLIC DOCUMENT**

**TITLE OF REPORT: REVENUE BUDGET 2019/20**

REPORT OF : *SERVICE DIRECTOR- RESOURCES*

EXECUTIVE MEMBER : COUNCILLOR JULIAN CUNNINGHAM

COUNCIL PRIORITY : RESPONSIVE AND EFFICIENT

**1. EXECUTIVE SUMMARY**

- 1.1 To consider the draft budget for 2019/20 and the main factors which contribute to the determination of the North Hertfordshire District Council (NHDC) Council Tax level. To consider the appropriate level of Council Tax that will be recommended to the meeting of the Council on the 7 February 2019.

**2. RECOMMENDATIONS**

- 2.1 That Cabinet notes the expected Central Government funding levels.
- 2.2 That Cabinet notes the estimated position on the Collection Fund and how this will be funded.
- 2.3 That Cabinet confirms that Council Tax increases for 2019/20 should be in line with the Medium Term Financial Strategy.
- 2.4 That Cabinet notes the position relating to the General Fund balance and that due to the risks identified a minimum balance of £1.96 million is recommended.
- 2.5 That Cabinet approves the increase in the 2018/19 working budget of £116k, and to note the expected impact in 2019/20 of a £164k reduction in budget.
- 2.6 That Cabinet notes and comments on the requests for the carry-forward of budget of £41k from 2018/19 to 2019/20.
- 2.7 That Cabinet approves the inclusion of the efficiencies and investment proposals at Appendix B in the General Fund budget estimates for 2019/20.

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| 2.8 | That Cabinet notes the savings target in future years.   |
| 2.9 | That Cabinet notes the estimated 2019/20 net expenditure of £15.1 million, as detailed in Appendix A, and recommends this budget to Council. |

### **3. REASONS FOR RECOMMENDATIONS**

- 3.1 To ensure that all relevant factors are taken into consideration when arriving at the proposed Council Tax precept for 2019/20.
- 3.2 To ensure that the Cabinet recommends a balanced budget to Council on 7 February 2019.

### **4. ALTERNATIVE OPTIONS CONSIDERED**

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

### **5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS**

- 5.1 All Councillors were given opportunity to comment on the efficiency and investment proposals at the Budget Workshops.
- 5.2 The Business Rate Payers Group will be consulted on the proposals in this report in early February 2019, prior to the Council meeting. This is the only statutory consultation that is required.
- 5.3 If any savings were to have an impact on a specific area (or areas) will be referred to that Area Committee(s) during January. This is not considered to be the case for any savings included within the proposals.

### **6. FORWARD PLAN**

- 6.1 This report contains a recommendation on a key decision that was first notified to the public in the Forward Plan on the 19<sup>th</sup> December 2018.



## **7. BACKGROUND**

- 7.1 The Medium Term Financial Strategy (MTFS), which provides the financial background to the Corporate Business Planning process for 2019-2024, was adopted by Full Council on the 6 September 2018 following recommendation by Cabinet.
- 7.2 The MTFS included a number of assumptions, which have been updated as better information has become available. The final budget still contains some assumptions, and this is why monitoring reports are provided to Cabinet on a quarterly basis.
- 7.3 In anticipation of the decline in future funding, the Council has increased the level of general fund reserves. This allows for some cushioning in the delivery of savings.
- 7.4 Significant savings have been delivered in recent years. This means that the opportunity for savings from being more efficient have now generally all been taken. Instead the focus is now on income generation, service transformation, joint working, making best use of capital assets and justifying delivery of services above statutory levels.
- 7.5 The Council's funding is split between revenue (i.e. the day-to-day running costs) and capital (i.e. creating and improving assets). The general rule is that capital funding can not be used for revenue expenditure. However in the 2015 Spending Review, the Chancellor announced the "flexible use of Capital Receipts direction". Subject to certain conditions this allows Local Authorities to use Capital Receipts to fund the revenue costs of reform projects.

## **8. RELEVANT CONSIDERATIONS**

### **8.1 Central Government funding**

- 8.1.1 On the 29 October 2018, the Chancellor made his Budget Statement. The Budget included an update on the current state of public finances and the latest economic forecasts. None of the announcements provided details of specific impacts on the Council's funding.
- 8.1.2 The Provisional Local Government Finance Settlement was announced on 13 December 2018. The Settlement provided information on funding arrangements for the Council in 2019/20.
- 8.1.3 The Settlement confirmed that Negative Revenue Support Grant (RSG) will not be applied in 2019/20. This increases the funding available to the Council in 2019/20 by just over £1m compared to previous forecasts, which had assumed this reduction in funding. As highlighted in 8.1.6 below, this increase is assumed to be for one year only.
- 8.1.4 It was also announced in the settlement that the New Homes Bonus (NHB) baseline will be retained at 0.4%, when it had been expected to fall. The published allocation for

2019/20 of £984k represents a reduction of £280k on funding received for 2018/19, which is in part due to a smaller increase in properties than forecast. Some reduction (approx. £160k) had been expected as, unless the rate of increase in properties is higher than it has been in recent years, the funding from this source will fall as you swap a year where the baseline was not applied (for example 2015/16, allocation based on October 2013 to October 2014) for one where it is (2019/20, allocation based on October 2017 to October 2018).

- 8.1.5 With the new homes baseline remaining unchanged, a further reduction in New Homes Bonus funding is therefore now expected in 2020/21 as growth in properties for the period October 2018 to October 2019 is expected to be similar to the twelve months prior. An estimated total of £844k is included for 2020/21 in the funding estimates shown in table 1 (£1.1m was included in previous estimates). The same figure is then included for the years beyond 2020/21, with the assumption that growth in properties will offset the impact of the baseline. The latest forecast provided by Planning Services would support this as a reasonable assumption based on current information. There is a risk of significant changes to New Homes Bonus which reduce the funding that it provides.
- 8.16 From 2020/21 it is expected that 75% Business Rates Retention and a new Fair Funding Formula will be introduced. In the absence of notification from government, estimates for 2020/21 and beyond assume that the new fair funding formula will build in a reduction equivalent to the amount that the Council was due to lose through the introduction of the negative RSG. Estimates also assume that the Business Rates Baseline total and negative RSG will increase by 3% per year, which is in line with previous totals published by the Ministry for Housing, Communities and Local Government (MHCLG).
- 8.1.7 Based on the above, this gives the following funding estimates:

**Table 1: Estimated Non-specific Funding, excluding Council Tax (All amounts in £000)**

2018/19		2019/20	2020/21	2021/22	2022/23
0	Revenue Support Grant	0	-1,103	-1,136	-1,170
2,622	Business Rates Baseline (share of income less tariff)	2,682	2,763	2,846	2,931
<b>2,622</b>	<b>Funding Assessment</b>	<b>2,682</b>	<b>1,660</b>	<b>1,710</b>	<b>1,761</b>
1,264	New Homes Bonus	984	844	844	844
<b>3,886</b>	<b>Total non-specific funding, excluding Council Tax</b>	<b>3,666</b>	<b>2,504</b>	<b>2,554</b>	<b>2,605</b>
	Change on previous year	-5.6%	-31.7%	+2.0%	+2.0%

**8.1.8 Cabinet is asked in recommendation 2.1 to note the expected Central Government funding levels**

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

**Table 2: Forecasts in relation to Specific Government Grants**

	<b>2018/19 amount £'000</b>	<b>Expectation for 2019/20</b>
Housing Benefit Subsidy	32,158	Initial Estimate will be available late January 2019, so budget expectation for 2019/20 is based on the 2018/19 mid year estimate - £32.158million
Discretionary Housing Payments	260	An announcement is expected in January 2019. Expectation is that the grant level will be similar to 2018/19 - £260k.
Benefits Administration and Fraud Initiative	474	Following recent notifications received from MHCLG, total grant expected for 2019/20 is £430k (reduction of £44k). Housing Benefit admin grant has been confirmed as £311k for 2019/20 (£350k in 2018/19), with the reduction mainly due to the change in the methodology of apportioning the grant, while MHCLG also confirmed a 5% reduction in the Council tax admin grant to a total of £118k.  This funding pressure is reflected in Appendix B.
Section 31 Grants to reimburse the impact of Business Rate reliefs and caps.	1,435	The amount received in 2019/20 will depend on the changes announced in the budget in November 2019. However the current expectation is that the level of grant will be similar to 2018/19.
Waste minimisation – HCC contribution via the Alternate Financial Model.	423	While Hertfordshire County Council (HCC) will again make a deduction of £0.33m from the total AFM funding allocation for 2019/20, as part of a planned total £1m saving over the three financial years 2017/18 – 2019/20, the actual AFM funding

	<b>2018/19 amount £'000</b>	<b>Expectation for 2019/20</b>
		received depends on the annual recycling performance of NHDC relative to the corresponding performance of the other Hertfordshire waste collection authorities. The most recent estimates from HCC, based on performance in the first half of 2018/19, indicates NHDC will be eligible for a similar amount in 2019/20 to the base budget estimate of £395k.
NNDR Administration Grant	184	The cost of collection will not be known until the central government return for business rates (NNDR 1 form) is completed in January 2019. Can assume a similar level to the 2018/19 level of £184k.
Flexible homelessness support grant	141	The 2019/20 allocation for Flexible Homelessness grant is £173k.
Syrian refugee resettlement grant	174	Estimated to be £327k in 19/20, based on North Herts housing 10 families.
Homelessness Reduction Act - New Burdens Funding.	32	The 2019/20 allocation for Homelessness Reduction Act New Burdens Funding is £37k.
<b>Total Revenue Grants</b>	<b>35,281</b>	

## 8.2 Business Rates and Council Tax

- 8.2.1 NHDC is required to maintain a Collection Fund to account for the income received and costs of collection for Council Tax and Business Rates. Estimates of the net income are made at the start of the year and based on this money is transferred out of the Collection fund to the NHDC General Fund and other precepting bodies. The Fund is required to break even over time and any surplus or deficit is transferred to the NHDC General Fund and other precepting bodies.
- 8.2.2 The total amount of Council Tax that is collected is dependent on the actual number of properties, eligibility for paying a reduced amount (Council Tax Reduction Scheme) and the success in collecting what is owed. The amount of Business Rates that are collected is dependent on the number and type of business premises in the area, the success in collecting what is owed, eligibility for relief and the number and value of successful appeals. Assumptions on these factors are made in forecasting the level of income from Council Tax and Business Rates in future years.

- 8.2.3 Current forecasts are that the Business Rates collection fund will have a deficit at the end of the year. This is due to the level of appeals and rate reliefs. NHDC will need to fund its share of the deficit in the following financial year. The section 31 grant that NHDC receives for business rate reliefs and caps will be used for this purpose.
- 8.2.4 It is expected that the Council Tax collection fund will have a surplus recorded at the end of the year of £300k. As highlighted in the revenue monitoring report at quarter two, this total includes the accumulation of annual surpluses recorded for prior financial years. The reason for retaining an annual surplus in the Collection Fund has been that the accumulated surplus could be used to fund / offset collection deficits reported in future years. Annual surpluses have however been recorded for a number of years consecutively and so, as detailed in Appendix A, the surplus will be transferred from the Collection Fund to fund the Council's General Fund activities in 2019/20.
- 8.2.5 **Cabinet is asked in recommendation 2.2 to note the estimated position on the Collection Fund and how this will be funded.**

#### **Business Rates Pilot**

- 8.2.6 It was announced in the Provisional Local Government Finance Settlement that Hertfordshire has been successful in becoming a Business Rate pilot in 2019/20. As highlighted when the application was made, this will hopefully mean that the Council is around £800k better off than the baseline position included in the budget estimates in Appendix A, and £400k better off than being part of a pool. This is dependent on the Business Rates collected in North Hertfordshire and across Hertfordshire during 2019/20. The Council will not see the additional money in the General Fund until 2020/21, so there is no direct impact on the 2019/20 budget.
- 8.2.7 If Business Rates forecasts are looking positive, then it would be possible to spend some of the additional funding in 2019/20, although this should not be planned at this stage. In the Pilot application it was stated that the extra funding would be spent to promote economic growth and stability, which could cover a broad range of new and existing spend. Some of the County-wide surplus will be transferred in to an investment fund. It is forecast that this will be around £2.3m, and the Council would be able to bid for this.

## Council Tax Flexibility

- 8.2.8 The draft Council Tax Referendum Principles, published alongside the Provisional Local Government Finance Settlement, provided confirmation that for 2019/20 Local Authorities can raise Council Tax by up to the greater of 3% or £5 (band D equivalent) without the need for a local referendum. In future years (for 2020/21) onwards it is expected that the limit will return back down to the greater of 2% or £5 (band D equivalent), as the increase to 3% was based on current levels of inflation. The Medium Term Financial Strategy (agreed by Council in September) proposed that the Council should increase Council Tax by as much as it is allowed to without triggering a referendum. Therefore a 2.99% increase is used to forecast Council Tax income in 2019/20, with £5 increases in the following years (£5 is greater than a 2% increase). Table 3 shows the level of Council Tax by year and the forecast level of income to the Council. Cabinet can recommend either a lower or higher rate of Council Tax increase to Full Council. The removal of the negative RSG in 2019/20 means that the Council will be able to provide a contribution to a funding equalisation reserve, which could be used to cushion the impact of future expected funding reductions. Whilst it could be tempting to increase Council Tax by less than the maximum allowed, this would reduce the Council Tax base for future years and therefore increase the expected funding gap in those years. It is therefore not recommended.
- 8.2.9 The Council is required to produce a Council Tax Base estimate in November for the following year, and this has been used for the 2019/20 forecast of Council Tax income. For future years a 1% growth per year in the Council Tax Base is estimated. Based on the above, table 2 provides a forecast of future Council Tax income.

**Table 3: Forecasts of Council Tax level and income**

2018/19		2019/20	2019/20	2020/21	2021/22
223.45	Band D Council Tax (£)	230.13	235.13	240.13	245.13
2.99%	Increase as a %	2.99%	2.17%	2.12%	2.08%
49,119	Estimated Council Tax Base	49,498	49,993	50,493	50,998
1%	Increase as a %	0.8%	1%	1%	1%
10,976	Council Tax income to NHDC (£000)	11,391	11,755	12,125	12,501

8.2.7 It should be noted that this only represents the District Council element of the Council Tax bill for households. Table 3 below shows the constituent elements of the 2018/19 Council Tax bill for a Band D property (excluding any Parish precept).

**Table 4: Band D Council Tax 2018/19 (excluding Parish precepts)**

	<b>2018/19</b>	<b>Share of bill</b>
	<b>£</b>	
District	223.45	13.1%
County Council	1,224.67	71.7%
County Council- Social Care Precept	95.79	5.6%
Police and Crime Commissioner	164.00	9.6%
<b>Total</b>	<b>1,707.91</b>	

**8.2.8 Cabinet is asked in recommendation 2.3 to confirm that Council Tax increases for 2019/20 should be in line with the Medium Term Financial Strategy.**

### **8.3 Balances and Reserves**

8.3.1 In setting its budget, the Council needs to consider the level of its reserves. This consideration includes specific reserves, provisions and general fund reserves. This determines the extent to which the current budget can be supported by the use of reserves, or requires a budget to be set that includes an allowance for increasing reserves. In addition to the General Fund balance, NHDC has specific reserves and provisions. Specific reserves are amounts that are set aside for a determined purpose. This purpose can arise from a choice made by the Council, or where it is felt that there is an obligation. Provisions are where there is a requirement on the Council to meet future expenditure, and a reasonable estimate can be made of the amount and timing. In determining the risks that may need to be met from the General Fund, it is important to know which risks will already be covered by amounts that are set aside as a specific reserve or provision. As shown in Appendix A, it is expected that the Council will be able to make a budgeted contribution to a funding equalisation reserve in 2019/20. This is alongside keeping other reserves and provisions at appropriate levels.

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

**Table 5: Specific Reserves**

	<b>Balance at 1 April 2018 £000</b>	<b>Forecast balance at 31 March 2019 £000</b>
Cemetery Mausoleum Reserve	140	140
Childrens Services Reserve	8	7
Climate Change Grant Reserve	30	29
Community Development Reserve	1	0
Community Right to Challenge Reserve	45	45
DCLG Grants Reserve *	868	1,646
DWP Additional Grants Reserve	129	180
Environmental Warranty Reserve	209	209
Growth Area Fund Reserve	53	53
Homelessness Grants Reserve	203	243
Housing & Planning Delivery Reserve	768	763
Information Technology Reserve	82	82
Insurance Reserve	34	34
Land Charges Reserve	104	94
Leisure Management Maintenance Reserve	47	47
Museum Exhibits Reserve	12	12
Neighbourhood Plan Reserve	41	41
Office Move IT Works	7	7
Paintings Conservation Reserve	11	11
Property Maintenance Reserve	62	72
S106 Monitoring Reserve	53	37
Special Reserve	1,720	1,657
Street Furniture	17	21
Street Name Plates	16	16
Syrian Refugee Project	87	172
Taxi Licences Reserve	13	13
Town Centre Maintenance	38	46
Traffic Regulation Orders	296	296
Waste Reserve	585	604
Waste Vehicles	0	500
<b>Total Specific Reserves</b>	<b>5,679</b>	<b>7,077</b>

\* The DCLG Grants reserve will be used to fund the eligible amount of Business Rates levy payable for financial year 2018/19. This will reduce the current forecast reserve balance. As NHDC is a member of the Hertfordshire Business Rates Pool in 2018/19, the levy amount will be



*calculated by the Pool Lead authority, Hertfordshire County Council (HCC). Notification of the estimated levy amount is awaited from HCC.*

8.3.3 As at the 31 March 2018 there was a total of £1.252m held as provisions. These comprised of:

- Business Rates appeals - £1.126m - the NHDC share of outstanding business rates appeals.
- Insurance - £0.026m - covers the uninsured aspect of outstanding insurance claims.
- Restructure costs - £0.100m - set up at the end of 2017/18 for settlement costs relating to the restructure of senior management as part of the Corporate Restructure.

8.3.4 NHDC operates with a reserve balance for General Fund activities in order to provide a cushion against unexpected increases in costs, reductions in revenues and expenditure requirements. Guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) suggests that the revenue balances should be set at no less than 5% of net revenue expenditure, having taken account of the risks faced by the Authority in any particular year. As net expenditure is anticipated to be around £15.1 million, this means a minimum balance of about £750k. The minimum figure represents the cushion against totally unforeseen items. When setting the level of balances for any particular year, known risks which are not being budgeted for should be added to this figure, according to risk likelihood.

8.3.5 An assessment of the risks has been compiled for the coming year based on risks identified by each Service Director and cross-referenced to the risk register. The identified areas are where the financial impact is not wholly known, but an estimate can be made. Risks in relation to Brexit have been considered, although in most cases it is not possible to make an estimate of the financial impact. Other risks do include the potential impacts of Brexit where it affects the estimate (e.g. usage of bed and breakfast accommodation for homeless households). The amount allocated is based on the forecast likelihood of occurrence. Where there is a high likelihood, 50% of the estimated financial impact is allowed for. For medium likelihood, it is 25%. For low likelihood, it is 0%. Table 6 summarises the risks, the forecast impact and the risk allowance to be made. A full list of these risks is shown in Appendix C.

**Table 6: Budget risks 2019/20**

<b>Category</b>	<b>Number of risks</b>	<b>Forecast value of impact £000</b>	<b>Risk Allowance £000</b>
High	9	1,750	875
Medium	17	1,210	328
Low	19	7,499	0
<b>Total</b>	<b>45</b>	<b>10,559</b>	<b>1,203</b>

8.3.6 Combining the risk allowance for specific risks and unknown risks means that a General Fund balance of at least £1.96 million should be maintained. This is what is recommended by the s151 Officer (Chief Finance Officer).

8.3.7 **Cabinet is asked in recommendation 2.4 to note the position relating to the General Fund balance and that due to the risks identified a minimum balance of £1.96 million is recommended.**

#### **8.4 Month 8 (November) Budget Review**

8.4.1 A review of budgets as at the end of November has been carried out. Table 7 below provides explanations for the variances that are greater than £25k, as well as any budgets where there are carry-forward requests. All other variances are included within the 'other minor variances' line at the bottom of the table.

**Table 7- Summary of forecast variances**

Budget Area	Working Budget £k	Forecast £k	Variance £k	Reason for difference	Carry-forward requested £k	2019/20 Impact £k
Income from paper collected for recycling (sale & HCC recycling credit)	(559)	(476)	+83	The volume of paper collected continues to decline. 221 tons less paper was collected in April to September 2018, compared to the same period in the prior year.	0	83
Area Committee Grants	119	78	(41)	There is expected to be unspent budget following the final Area Committee meetings of the financial year in March 2019. This reflects fewer grant applications than anticipated being received and also includes grants awarded but not yet released pending evidence of certain criteria being met.	41	0
Income from Burials Service	(296)	(227)	+69	Income from the sale of burial plots and interment has been lower than anticipated. This could be a consequence of the opening of the Memoria crematorium in Holwell in June 2017. This provision, together with the Harwood Park Crematorium, has reduced the waiting times for cremation and meant that people are no longer going for full burial as their second option when waiting times have been too long for a cremation.	0	69
HCC contribution via the Alternate Financial Model.	(395)	(423)	(28)	The higher than anticipated AFM receipt follows the improved recycling performance of other Hertfordshire Authorities. This has reduced HCC waste disposal costs and increased the total AFM funding allocation distributed to waste collection authorities.	0	0

Budget Area	Working Budget £k	Forecast £k	Variance £k	Reason for difference	Carry- forward requested £k	2019/20 Impact £k
<b>Total of explained variances</b>	<b>(1,131)</b>	<b>(1,048)</b>	<b>+83</b>		<b>41</b>	<b>152</b>
Other minor variances	16,407	16,440	+33		0	12
<b>Overall total</b>	<b>15,276</b>	<b>15,392</b>	<b>+116</b>		<b>41</b>	<b>164</b>

8.4.2 This has identified a total increase in forecast net spend of £116k against the working budget, with £41k of unspent budget requested to be carried forward into 2019/20. The final column of table 6 details the forecast impact on 2019/20, which is a £164k increase in required budget. These are included in Appendix B.

8.4.3 **Cabinet is asked in recommendation 2.5 to approve the increase in the 2018/19 working budget of £116k, and to note the expected impact in 2019/20 of a £164k increase in budget.**

8.4.4 **Cabinet is asked in recommendation 2.6 to note and comment on the request for the carry-forward of £41k budget from 2018/19 to 2019/20.**

## 8.5 Savings and Investment Proposals

8.5.1 The Medium Term Financial Strategy highlighted the need to find at least £700k of savings within 4 years. However this was dependent on future announcements on funding and also finalising estimates (e.g. Council Tax base and inflation estimates). The £700k is a net total, so any proposals for increased spend (e.g. investments) would increase the amount of savings required.

8.5.2 Budget proposals were put forward for discussion at Group workshops in November. To give the full context, these proposals included both savings and investment proposals. The comments made by the Groups were presented for consideration alongside the budget proposals at the December meeting of Cabinet.

8.5.3 At the meeting in December, Cabinet resolved to make several amendments to the savings and investment proposals. All the changes recommended by Cabinet are included and highlighted in Appendix B.

8.5.4 **Cabinet is asked at recommendation 2.7 to approve the inclusion of the efficiencies and investment proposals at Appendix B in the General Fund budget estimates for 2019/20.**

## **8.6 Overall summary**

- 8.6.1 Appendix A provides a summary of the forecast General Fund impact of the factors referenced in the previous sections of this report. This includes an increase in Council Tax of 2.99% in 2019/20, the change in the expectation of future New Homes Bonus Funding, confirmation of Housing Benefit and Council Tax administration grants, and the ongoing impact of variances identified in the November monitoring.
- 8.6.2 Appendix A also includes a forecast of the remaining savings that the Council still needs to deliver by 2022/23. Savings totalling £1.2m are estimated to be required in order for the Council to balance income and expenditure by the end of the period. Furthermore, with the proposed phasing of these savings, there would be a need to use around £600k of reserves. These amounts could also be significantly affected by a number of factors which include:
- Changes to the Fair Funding Formula, which is currently being consulted on by the Department for Communities and Local Government, with any changes likely to be implemented from 2020/21.
  - Changes to the way New Homes Bonus is calculated in future years
  - The successful delivery of the savings included within the budget forecasts.
- 8.6.3 Cabinet is asked at recommendation 2.8 to note the savings targets for future years.**
- 8.6.4 Cabinet is asked at recommendation 2.9 to note the estimated 2018/19 net expenditure of £15.1m, as detailed in Appendix A, and recommends this budget to Council.**

## **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 Cabinet's terms of reference include recommending to Council the annual budget, including the capital and revenue budgets and the level of council tax and the council tax base. Council's terms of reference include approving or adopting the budget.
- 9.3 Members are reminded of the duty to set a balanced budget and to maintain a prudent general fund and reserve balances.

## **10. FINANCIAL IMPLICATIONS**

- 10.1 As outlined in the body of the report.

## **11. RISK IMPLICATIONS**

11.1 As outlined in the body of the report.

11.2 There are significant uncertainties and risks with regard to the funding of NHDC over the medium term. In particular the impact from the outcomes of the Fairer Funding review and potential future changes to how the New Homes Bonus Scheme operates.

## **12. EQUALITIES IMPLICATIONS**

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

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

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

## **13. SOCIAL VALUE IMPLICATIONS**

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

## **14. HUMAN RESOURCE IMPLICATIONS**

14.1 Where efficiency proposals directly affect staff, it is important that all affected staff are consulted and supported at the earliest opportunity and the Council’s HR policies and procedures are followed.

## **15. APPENDICES**

15.1 Appendix A – Budget Summary 2019/20 – 2022/23.  
Appendix B – Revenue Efficiencies and Investment proposals.  
Appendix C – Budget Risks for 2019/20.

**16. CONTACT OFFICERS**

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**17. BACKGROUND PAPERS**

- 17.1 Medium Term Financial Strategy 2019-24.

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**General Fund Estimates 2019/20 - 2022/23**

<b>All amounts £000</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
Net expenditure brought forward	14,549	15,136	14,808	14,911
Savings previously identified	-539	-85	-52	0
Savings reported after 2018/19 budget was set	-603	133	0	0
Pressures reported after 2018/19 budget was set	824	-228	63	0
Other previously agreed changes (including updates to amounts)	-134	-6	11	-5
Estimated Net Inflation	480	392	454	374
Expenditure Budget Carried Forward from 2018/19	128	-128	0	0
Provision for further revenue investments in future years	-	150	150	150
New savings proposals	-171	-9	-95	83
New revenue investments	602	-247	-28	8
Further savings tbc	-	-300	-400	-500
<b>Total gross expenditure (excluding Housing Benefit subsidy)</b>	<b>15,136</b>	<b>14,808</b>	<b>14,911</b>	<b>15,021</b>
Council Tax	-11,391	-11,755	-12,125	-12,501
Council Tax Collection Fund Accumulated Surplus	-300	0	0	0
Revenue Support Grant (negative)	0	1,103	1,136	1,170
Business Rates	-2,682	-2,763	-2,846	-2,931
New Homes Bonus	-984	-844	-844	-844
Other	39	24	24	24
Planned contribution to funding equalisation reserve	182	-182	0	0
<b>Net funding position (use of reserves)</b>	<b>0</b>	<b>391</b>	<b>256</b>	<b>-61</b>
Reserves b/f (as forecast at November 2018)	7,055	7,055	6,664	6,408
Reserves c/f	7,055	6,664	6,408	6,469

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**New Efficiency Proposals for 2019/20 and beyond**

Ref No	Service Directorate	Description of Proposal	Net Efficiency				
			2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	
E1	Regulatory	Deletion of Membership of Greater Cambridgeshire and Greater Peterborough LEP. The GCGP LEP ceased to operate as of 01 April 2018. The new LEP, known as The Business Board, is Cambridge and Peterborough orientated only.	Expenditure reduction	(16)	(16)	(16)	(16)
			Additional Income	-	-	-	-
			<b>Total</b>	(16)	(16)	(16)	(16)
E2	Regulatory	Removal of funding for Area Wide Parking Reviews in 2019/20. There is a sufficient balance in reserve to enable the works to be undertaken in 2019/20 without the need for this annual provision.  UPDATE: Cabinet 21st December 2018: efficiency proposal recommended to be extended across the medium term period as no plans for expenditure in any of the next four years.	Expenditure reduction	(65)	(65)	(65)	(65)
			Additional Income	-	-	-	-
			<b>Total</b>	(65)	(65)	(65)	(65)
E3	Resources	Ceasing the use of duplicate payment finder software. Additional functionality from the recent upgrade of the Council's main accounting system means that additional software to identify duplicate payments is no longer required.	Expenditure reduction	(5)	(5)	(5)	(5)
			Additional Income	-	-	-	-
			<b>Total</b>	(5)	(5)	(5)	(5)
E4	Resources	Savings on the cost of insurance have materialised following the tender of the Council's insurance arrangements, primarily on our property insurance. We have also decided to no longer insure against loss of revenue for the leisure facilities in the event of them being damaged. We have restricted insuring against terrorism damage to just key buildings rather than the whole of the property portfolio. The public liability excess has also increased from £5,000 to £10,000 per claim, which meant the premium was held at the previous level rather than increasing.	Expenditure reduction	(48)	(48)	(48)	(48)
			Additional Income	-	-	-	-
			<b>Total</b>	(48)	(48)	(48)	(48)
E5	Place	Effective procurement and management of tree maintenance arrangements has facilitated a reduction in the estimated annual provision required to deliver this service without adversely impacting the condition of the trees maintained within the district.	Expenditure reduction	(10)	(10)	(10)	(10)
			Additional Income	-	-	-	-
			<b>Total</b>	(10)	(10)	(10)	(10)
E6	Regulatory	Planning advertising expenditure	Expenditure reduction	(5)	(5)	(5)	(5)
			Additional Income	-	-	-	-
			<b>Total</b>	(5)	(5)	(5)	(5)
E7	Legal & Community	Rolling reduction in area committee grant budgets equivalent to 20% of annual provision	Expenditure reduction	(10)	(19)	(25)	(31)
			Additional Income	-	-	-	-
			<b>Total</b>	(10)	(19)	(25)	(31)
E8	Legal & Community	Removal of budget provision for District Council elections in 2021/22 as no elections scheduled to be held.	Expenditure reduction	-	-	(89)	-
			Additional Income	-	-	-	-
			<b>Total</b>	-	-	(89)	-
E9	All Directorates	Budget scrutiny savings: total of minor savings (each less than £1K in value) identified from the review of existing base budgets.	Expenditure reduction	(12)	(12)	(12)	(12)
			Additional Income	-	-	-	-
			<b>Total</b>	(12)	(12)	(12)	(12)
<b>Total Net Budget Reduction from new efficiency proposals</b>			<b>Total Expenditure reduction</b>	<b>(171)</b>	<b>(180)</b>	<b>(275)</b>	<b>(192)</b>
			<b>Total Additional Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
			<b>Total Efficiencies</b>	<b>(171)</b>	<b>(180)</b>	<b>(275)</b>	<b>(192)</b>

**New Revenue Pressures and Investment Proposals**

Ref No	Service Directorate	Description of Proposal	Investment				
			2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	
R1	Regulatory	Local Plan 2011-2031- Current discussions with the Inspector lead officers to believe that it should be possible to achieve a recommendation to adopt within 2018/19 subject to decisions of the Council. As such, this bid focuses on the work that will need to be undertaken post-adoption such as the review of strategies and the undertaking of studies. This bid maybe subject to change following the Inspectors interim report.	Additional Expenditure	150	-	-	-
			Income Reduction	-	-	-	-
			<b>Total</b>	150	-	-	-
R2	Regulatory	Retention of the 2018/19 parking tariff structure for 2019/20, including freezing prices for car park season tickets and residents parking permits.	Additional Expenditure	-	-	-	-
			Income Reduction	100	100	100	100
			<b>Total</b>	100	100	100	100

R3	Resources	Removal of earmarked efficiency from launch of NHDC Lottery (PE6 below). Planned efficiency values were based on the experience of the first year of the Vale Lottery. A further assessment of the options for delivering a NHDC lottery was subsequently undertaken by officers. Officers concluded that in the absence of a major driver for demand, such as the lottery being a means of supporting a local hospital, a lottery would most likely absorb significant officer resource for a relatively minor return.	<b>Additional Expenditure</b>	-	-	-	-
			<b>Income Reduction</b>	50	65	65	65
			<b>Total</b>	50	65	65	65
R4	Legal & Community	Removal of earmarked efficiency from replacement of area committees with a more informal alternative (PE4 below)	<b>Additional Expenditure</b>	50	50	50	50
			<b>Income Reduction</b>	-	-	-	-
			<b>Total</b>	50	50	50	50
R5	Regulatory	Removal of earmarked efficiency from the review of the Council's Parking Strategy (CBP 2017/18).	<b>Additional Expenditure</b>	-	-	-	-
			<b>Income Reduction</b>	100	100	100	100
			<b>Total</b>	100	100	100	100
R6	Regulatory	Review of Social Housing stock- On a four yearly basis, procure consultants to analyse the condition of housing stock in North Herts and/or support activity on measures aimed at resultant findings/current priorities (e.g. helping residents introduce energy efficiency measures).	<b>Additional Expenditure</b>	-	20	-	-
			<b>Income Reduction</b>	-	-	-	-
			<b>Total</b>	-	20	-	-
R7	Regulatory	Local housing market analysis- Appoint consultant biannually to provide information and analysis on the local housing market in order to inform the development of housing policies and strategies.	<b>Additional Expenditure</b>	-	8	-	8
			<b>Income Reduction</b>	-	-	-	-
			<b>Total</b>	-	8	-	8
R8	Resources	Payroll contract - One year extension of current Payroll Contract to the end of March 2020, as per published delegated decision notice 26/08/2018. Due to this annual contract price increase, a new contract will be procured and commence from 2020/21.	<b>Additional Expenditure</b>	12	12	12	12
			<b>Income Reduction</b>	-	-	-	-
			<b>Total</b>	12	12	12	12
R9	Legal & Community	Grant to Citizen Advice North Herts to provide advice and support to residents (1 year project).	<b>Additional Expenditure</b>	50	-	-	-
			<b>Income Reduction</b>	-	-	-	-
			<b>Total</b>	50	-	-	-
R10	Legal & Community	Grant to Age UK (Hertfordshire) to provide home visits to help identify and claim any currently unclaimed benefits (1 year project). Dependent on being able to confirm that grant is ring-fenced to North Herts.	<b>Additional Expenditure</b>	20	-	-	-
			<b>Income Reduction</b>	-	-	-	-
			<b>Total</b>	20	-	-	-
R11	Place	Tree Replacement - Replace 31 trees that died during the hot dry summer of 2018	<b>Additional Expenditure</b>	10	-	-	-
			<b>Income Reduction</b>	-	-	-	-
			<b>Total</b>	10	-	-	-
R12	Regulatory	Feasibility study to identify issues and their location in relation to Homes of Multiple Occupancy (HMOs)	<b>Additional Expenditure</b>	10	-	-	-
			<b>Income Reduction</b>	-	-	-	-
			<b>Total</b>	10	-	-	-
R13	Legal & Community	Additional budget for Health and Wellbeing team to help establish existing activities and identify models and funding opportunities for ongoing delivery.	<b>Additional Expenditure</b>	50	-	-	-
			<b>Income Reduction</b>	-	-	-	-
			<b>Total</b>	50	-	-	-
			<b>Total Additional Expenditure</b>	<b>352</b>	<b>90</b>	<b>62</b>	<b>70</b>
			<b>Total Income Reduction</b>	<b>250</b>	<b>265</b>	<b>265</b>	<b>265</b>
			<b>Total Investments</b>	<b>602</b>	<b>355</b>	<b>327</b>	<b>335</b>

**Efficiencies earmarked in 2019/20 (and/or beyond) resulting from previous decisions**

Ref No	Service Directorate	Description of Proposal	Efficiency				
			2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	
PE1	Customers	Restructure of Revenues team. The use of technology means that the service can absorb these changes with no impact on service delivery.	<b>Expenditure reduction</b>	(6)	(12)	(12)	(12)
			<b>Additional Income</b>	-	-	-	-
			<b>Total</b>	(6)	(12)	(12)	(12)

PE2	Resources	Reduction in the number of audit days delivered by the Shared Internal Audit Service. Proposed to reduce from 400 days in 2017/18 to 360 days in 2018/19, 320 days in 2019/20 and 300 days from 2020/21 onwards. External Audit no longer place reliance on the work of Internal Audit in respect of key financial systems, hence the substantive testing element of this work is no longer required. The Council generally have good controls and therefore there is scope to reduce the time spent on service audits and still retain capacity to target any identified risk areas. The Audit Manager has advised that at 300 days, SIAS would still expect to be able to provide their annual assurance.	Expenditure reduction	(10)	(15)	(15)	(15)
			Additional Income	-	-	-	-
			Total	(10)	(15)	(15)	(15)
PE3	Resources	Centralisation of property repairs and maintenance budgets. Centralisation of these budgets will facilitate more effective planning and prioritisation of maintenance work.	Expenditure reduction	(20)	(20)	(20)	(20)
			Additional Income	-	-	-	-
			Total	(20)	(20)	(20)	(20)
PE4	Legal & Community	Replace area committees with a more informal alternative (see R4). The amount of saving of the direct administration cost of supporting Area Committees could be in the region of £50k, but would be dependent on the format and frequency of any alternative.	Expenditure reduction	(50)	(50)	(50)	(50)
			Additional Income	-	-	-	-
			Total	(50)	(50)	(50)	(50)
PE5	Place	Provision of a Crematorium at Wilbury Hills. Delivery of the crematorium and any revenue efficiency is dependent on a successful planning application. The estimated efficiency value is based on the proposed terms of the lease, with NHDC receiving an annual base rent of £10k (indexed annually by RPI) plus a percentage (up to a maximum of 10%) of the turnover generated from the Crematorium. The eligible percentage of turnover would be linked to the number of cremations that take place over a 12 month period.	Expenditure reduction	-	-	-	-
			Additional Income	-	(50)	(100)	(100)
			Total	-	(50)	(100)	(100)
PE6	Resources	The launch of an NHDC Lottery (see R3). Efficiency values are based on activity generated by the Aylesbury Vale lottery and assume 60% of the value of the tickets sold at £1 can be directed to fund activities in the NHDC area. Revenue generated could therefore be used to fund area grant awards.	Expenditure reduction	-	-	-	-
			Additional Income	(50)	(65)	(65)	(65)
			Total	(50)	(65)	(65)	(65)
PE7	Place	Reduction in cost for waste collection and street cleansing arising from the retendering of the service. Increase in efficiency from 2019/20 due to expectation of full year saving (contract commenced May 2018) and removal of initial one-off costs associated with the new contract.	Expenditure reduction	(203)	(203)	(203)	(203)
			Additional Income	-	-	-	-
			Total	(203)	(203)	(203)	(203)
PE8	Place	Full year effect of previous decision. The expected net impact of introducing garden waste charging, at £40 with a 26% take-up. Efficiency anticipated to be greater after year 1 following removal of initial one-off costs and early bird discount.	Expenditure reduction	-	-	-	-
			Additional Income	(131)	(131)	(131)	(131)
			Total	(131)	(131)	(131)	(131)
PE9	Place	Savings in staffing costs anticipated from year 2 of the contract from a joint waste client team with East Herts Council.	Expenditure reduction	(60)	(60)	(60)	(60)
			Additional Income	-	-	-	-
			Total	(60)	(60)	(60)	(60)
PE10	Legal & Community	Cease MOU and contractual payments to identified Community Groups. Baldock Town Centre Partnership. Grant ceasing at the end of 2020/21. Amounts to be paid: 2018/19 £6.8k, 2019/20 £4.6k, 2019/20 £2.3k. Hitchin British Schools Museum. Ceasing at end of 2019/20. Amounts to be paid: 2018/19 £4.5k, 2019/20 £2.2k. Sports North Herts. Ceasing at end of 2019/20. Amounts to be paid: 2018/19 £3k, 2019/20 £1.5k. Arts Council for North Herts. Ceasing at end of 2019/20. Amounts to be paid: 2018/19 £5.5k, 2019/20 £2.8k. Stevenage and North Herts Women's Resource Centre. Ceasing at end of 2019/20. Amounts to be paid: 2018/19 £0.7k, 2019/20 £0.4k.	Expenditure reduction	(9)	(18)	(20)	(20)
			Additional Income	-	-	-	-
			Total	(9)	(18)	(20)	(20)
<b>Total Net Budget Reduction from earmarked efficiencies</b>			<b>Total Expenditure reduction</b>	<b>(358)</b>	<b>(378)</b>	<b>(380)</b>	<b>(380)</b>
			<b>Total Additional Income</b>	<b>(181)</b>	<b>(246)</b>	<b>(296)</b>	<b>(296)</b>
			<b>Total Efficiencies</b>	<b>(539)</b>	<b>(624)</b>	<b>(676)</b>	<b>(676)</b>

**Savings incorporated since 2018/19 Budget approved by Council in February 2018**

Report	Service Directorate	Description of Saving	Saving				
			2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	
Q3 2017/18	Commercialisation	Increase in rental income following rent review (included within ongoing impact total relating to 'other minor balances' of Q3 2017/18 report)	Expenditure reduction	-	-	-	-
			Additional Income	(5)	(5)	(5)	(5)
			Total	(5)	(5)	(5)	(5)
Council 10.4.2018	Legal & Community	The Council resolution at its meeting on 10th April was that that the adopted member allowances scheme for 2017/18 should remain in place without amendment for the 2018/19 year which reduces the anticipated cost in future years. This saving is the inflation that would have been paid if the amounts had increased.	Expenditure reduction	(7)	(7)	(7)	(7)
			Additional Income	-	-	-	-
			Total	(7)	(7)	(7)	(7)

Q1 2018/19	Place	The original estimate of take-up of the chargeable garden waste service was based on the results of the public consultation, which indicated a 26% take up. The service has however been more popular than the consultation suggested, with currently over 50% of households registered for the service. It is currently assumed that this level of take-up will continue next year.	Expenditure reduction	-	-	-	-
			Additional Income	(235)	(235)	(235)	(235)
			Total	(235)	(235)	(235)	(235)
Q2 2018/19	All Directorates	The original staff salary cost estimate for 2018/19 was based on assumption of pay award of 3% for all pay grades. Negotiated pay offers resulted in salary increases ranging from 2% for middle to higher salary grades to 9% at the lowest pay point.	Expenditure reduction	(85)	(85)	(85)	(85)
			Additional Income	-	-	-	-
			Total	(85)	(85)	(85)	(85)
Q2 2018/19	Chief Executive	Interest on mortgage payments. The final outstanding Housing Association mortgage was redeemed early so the Council no longer has any outstanding mortgages. Saving value included in 'other minor variances' ongoing impact total in Q2 report.	Expenditure reduction	(7)	(7)	(7)	(7)
			Additional Income	-	-	-	-
			Total	(7)	(7)	(7)	(7)
Q2 2018/19	Chief Executive	Increase in anticipated level of investment interest income due to the reprofiling of the Capital Programme increasing cash balances available for investment.	Expenditure reduction	-	-	-	-
			Additional Income	(133)	-	-	-
			Total	(133)	-	-	-
Q2 2018/19	Chief Executive	Saving on anticipated cost of External Audit, based on Public Sector Audit Appointments published scale of fees. Saving value included within other minor variances ongoing impact total in Q2 report.	Expenditure reduction	(6)	(6)	(6)	(6)
			Additional Income	-	-	-	-
			Total	(6)	(6)	(6)	(6)
Q2 2018/19	Customers	Photocopying costs. The temporary relocation to Town Lodge prompted a reduction in the total number of MFD machines, with three less in operation. This reduction was then made permanent when the lease contract was renewed prior to the return to DCO. This has resulted in lower rental costs, print charges and paper costs.	Expenditure reduction	(18)	(18)	(18)	(18)
			Additional Income	-	-	-	-
			Total	(18)	(18)	(18)	(18)
Q2 2018/19	Customers	Stationery expenditure. Centralisation of stationery stock management and procurement has facilitated a further reduction in resource required (included within other minor variances ongoing impact total in Q2 report).	Expenditure reduction	(8)	(8)	(8)	(8)
			Additional Income	-	-	-	-
			Total	(8)	(8)	(8)	(8)
Q2 2018/19	Customers	Court summons fees. With effect from 20th July 2018, the fee charged by Magistrates Courts for the issue of a liability order was reduced from £3.00 to £0.50. Annual saving value based on recent levels of activity and was included within other minor variances ongoing impact total in Q2 report.	Expenditure reduction	(10)	(10)	(10)	(10)
			Additional Income	-	-	-	-
			Total	(10)	(10)	(10)	(10)
Q2 2018/19	Customers	Document Imaging contract. The prevalence of electronic invoicing and the transfer of the building control function to the trading company have contributed to a reduction in the volume of documents sent for scanning. Saving value included within other minor variances ongoing impact total in Q2 report.	Expenditure reduction	(9)	(9)	(9)	(9)
			Additional Income	-	-	-	-
			Total	(9)	(9)	(9)	(9)
Q2 2018/19	Resources	Energy management arrangements. The Council no longer pays a fixed amount to a service provider to check energy bills received and flag any potential variances in amounts billed / energy consumed. The Council appointed a new contractor to be responsible for all aspects of energy procurement and billing, with the fee charged to the Council built into the price per unit of energy. Saving value included within other minor variances ongoing impact total in Q2 report.	Expenditure reduction	(5)	(5)	(5)	(5)
			Additional Income	-	-	-	-
			Total	(5)	(5)	(5)	(5)
Q2 2018/19	Place	Garden Waste Collection. Net income from additional households registering for the service during quarter 2.	Expenditure reduction	-	-	-	-
			Additional Income	(61)	(61)	(61)	(61)
			Total	(61)	(61)	(61)	(61)
Revenue Budget Report 2019/20	Resources	Gas energy costs for DCO and Town Lodge premises. Reduction in spend on gas due to the DCO's heating being primarily electric following the refurbishment and the decant of staff from Town Lodge. Saving value included within other minor variances ongoing impact total in November monitoring within draft budget report.	Expenditure reduction	(7)	(7)	(7)	(7)
			Additional Income	-	-	-	-
			Total	(7)	(7)	(7)	(7)
Revenue Budget Report 2019/20	All Directorates	Electricity costs. While there is a trend of rising energy prices, overall net reduction in planned expenditure on electricity mainly due to the vacation of office premises at Town Lodge and Letchworth Broadway. Saving value included within other minor variances ongoing impact total in November monitoring within draft budget report.	Expenditure reduction	(7)	(7)	(7)	(7)
			Additional Income	-	-	-	-
			Total	(7)	(7)	(7)	(7)

<b>Total Savings incorporated since 2018/19 budget agreed in February 2018</b>	<b>Total Expenditure reduction</b>	<b>(169)</b>	<b>(169)</b>	<b>(169)</b>	<b>(169)</b>
	<b>Total Additional Income</b>	<b>(434)</b>	<b>(301)</b>	<b>(301)</b>	<b>(301)</b>
	<b>Total Efficiencies</b>	<b>(603)</b>	<b>(470)</b>	<b>(470)</b>	<b>(470)</b>

**Budget Pressures incorporated since 2018/19 Budget approved by Council in February 2018**

Report	Service Directorate	Description of Pressure	Pressure				
			2019/20	2020/21	2021/22	2022/23	
			£'000	£'000	£'000	£'000	
Outturn 2017/18	Resources	Removal of Income expectation from Herts CCTV Company. Anticipated income had been based on the original estimates prepared when the CCTV company was formed.	Additional Expenditure	-	-	-	-
			Income Reduction	39	39	39	39
			Total	39	39	39	39
Outturn 2017/18	Customers	Council Tax Summons Income. 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.	Additional Expenditure	-	-	-	-
			Income Reduction	35	35	35	35
			Total	35	35	35	35
Outturn 2017/18	Customers	NNDR Court Summons Income	Additional Expenditure	-	-	-	-
			Income Reduction	11	11	11	11
			Total	11	11	11	11
Q1 2018/19	Place	Processing of comingled recyclates. China's decision to ban the import of certain categories of recycled materials from the start of the calendar year has ultimately led to a significant decline in the sale value of these materials. A fall in sale prices directly increases the processing unit cost charged to NHDC.	Additional Expenditure	130	130	130	130
			Income Reduction	-	-	-	-
			Total	130	130	130	130
Q1 2018/19	Customers	Government Grant Income. Notification received from Central Government of reductions to Housing Benefit administration grant (£29,300 reduction from 2017/18) and Council Tax administration grant (£9,600 reduction from 2017/18).	Additional Expenditure	-	-	-	-
			Income Reduction	39	39	39	39
			Total	39	39	39	39
Q3 2017/18 Outturn 17/18 Q1 2018/19	All Directorates	Total net ongoing impact of minor variances reported in quarterly monitoring reports to Cabinet since original budget was approved in February 2018. Q3 2017/18 = £2k, Q1 2018/19 = £11k	Additional Expenditure	13	13	13	13
			Income Reduction	-	-	-	-
			Total	13	13	13	13
Q1 2018/19	Commercialisation	Recruitment of two additional officers to the Commercial Support Team within the Commercialisation Service Directorate. The new posts will lead on the development of a housing investment company and explore new commercial opportunities, while also mapping out, supporting and developing internal services to increase commercial capacity. It is estimated that additional annual resource up to a maximum of £125k is required to meet the cost of the new positions; with maximum additional expenditure in 2018/19 of half this amount (£62.5k) should the recruitment process be successful. The Council's Senior Management Team recommended that the cost of the first two years of these posts should be funded from the Special reserve.	Additional Expenditure	-	62	125	125
			Income Reduction	-	-	-	-
			Total	-	62	125	125
Council 22.11.2018	Place	Waste Collection Service in North Hertfordshire. In recognition of the service received since the start of the new waste contract, which has not been of the standard we expect, the Council agrees an extension of the current 12 month payment period for green waste collection, for a further period of 3 months. The PMR deduction was reflected in the Q2 monitor and is now part of the General Fund balance. In effect this can be used as funding towards this extension.	Additional Expenditure	-	-	-	-
			Income Reduction	290	-	-	-
			Total	290	-	-	-
Council 22.11.2018	Chief Executive	Member Allowances Scheme 2019/20. An additional amount (£1,500) required to cover the payments to the Opposition and Third Party Leaders to cover their increased membership. Honoraria for three panel members at £500 each per year, for any year that a Panel reviews and prepares a report on Members' Allowances.	Additional Expenditure	3	3	3	3
			Income Reduction	-	-	-	-
			Total	3	3	3	3
Q2 2018/19	Customers	Land charges income. The response to building control related elements of personal searches, previously provided by NHDC, is now undertaken by Hertfordshire Building Control.	Additional Expenditure	-	-	-	-
			Income Reduction	10	10	10	10
			Total	10	10	10	10
Q2 2018/19	All Directorates	The national business rates revaluation in April 2017 resulted in significant increases to the rateable values of some of the Council's assets. Where this occurred, the authority was eligible for transitional relief, which allows the increase in rates to the higher value to be incremental over five years.	Additional Expenditure	32	32	32	32
			Income Reduction	-	-	-	-
			Total	32	32	32	32
Revenue Budget Report 2019/20	Place	Income from paper collected for recycling.	Additional Expenditure	-	-	-	-
			Income Reduction	83	83	83	83
			Total	83	83	83	83

Revenue Budget Report 2019/20	Place	Income from burials service.	Additional Expenditure	-	-	-	-
			Income Reduction	69	69	69	69
			<b>Total</b>	69	69	69	69
Revenue Budget Report 2019/20	Place	Street Sweeper at Letchworth Garden Square. The Letchworth Garden City Heritage Foundation no longer require the street sweeping machine - the cleansing is now undertaken by the Foundation. Pressure value included within other minor variances ongoing impact total in November monitoring within draft budget report.	Additional Expenditure	-	-	-	-
			Income Reduction	6	6	6	6
			<b>Total</b>	6	6	6	6
Revenue Budget Report 2019/20	All Directorates	Business Rates expenditure for Council properties. Adjustment to forecast reported at Q2 following further review. Pressure value included within other minor variances ongoing impact total in November monitoring within draft budget report.	Additional Expenditure	16	16	16	16
			Income Reduction	-	-	-	-
			<b>Total</b>	16	16	16	16
Revenue Budget Report 2019/20	Customers	Empty Property Review. The review looks at dwellings classified as empty to see if they actually are, or if Council Tax can be billed as the homes are inhabited. As the financial benefit from the exercise is realised in the Collection Fund position, contributions are drawn from the County Council and the Police and Crime Commissioner. Pressure value included within other minor variances ongoing impact total in November monitoring within draft budget report.	Additional Expenditure	4	4	4	4
			Income Reduction	-	-	-	-
			<b>Total</b>	4	4	4	4
Revenue Budget Report 2019/20	Customers	Housing Benefit and Council Tax administration grants. Notifications received from MHCLG - total grant expected for 2019/20 is £430k (reduction of £44k on 2018/19). Housing Benefit admin grant has been confirmed as £311k for 2019/20 (£350k in 2018/19), with the reduction mainly due to the change in the methodology for apportioning the grant, while MHCLG also confirmed a 5% reduction in the Council tax admin grant to a total of £118k.	Additional Expenditure	-	-	-	-
			Income Reduction	44	44	44	44
			<b>Total</b>	44	44	44	44

<b>Total Net Budget Increase</b>	<b>Total Additional Expenditure</b>	<b>198</b>	<b>260</b>	<b>323</b>	<b>323</b>
	<b>Total Income Reduction</b>	<b>626</b>	<b>336</b>	<b>336</b>	<b>336</b>
	<b>Total Pressures Arising</b>	<b>824</b>	<b>596</b>	<b>659</b>	<b>659</b>

**Previously agreed changes, including updates to amounts**

Reference	Service Directorate	Description	Pressure / Saving				
			2019/20	2020/21	2021/22	2022/23	
			£'000	£'000	£'000	£'000	
CBP 15/16 & CBP 16/17	Regulatory	Removal of Planning Services investment bids approved in prior years. 2015/16 CBP - Master-Planning of sites costs (part of the delivery of the Local Plan). £50k was earmarked in 2017/18 and £50k in 2018/19 (only). 2016/17 CBP - Local Plan costs - Following the Preferred Options consultation in 2015 additional work was identified as required before publication of the submission documentation. In addition the 2015 Central Bedfordshire examination identified that the current IT system did not meet the necessary legal tests. £120k earmarked in 2017/18 and £110k earmarked in 2018/19 (only).	Expenditure Impact	(160)	(160)	(160)	(160)
			Income Impact	-	-	-	-
			<b>Total</b>	(160)	(160)	(160)	(160)
CBP 2017/18	Customers	The original efficiency proposal, relating to the staffing restructure of the Systems & Technical Team, estimated that the saving would reduce from 2019/20 due to the requirement to renew GovTech Online Forms software.	Expenditure Impact	15	15	15	15
			Income Impact	-	-	-	-
			<b>Total</b>	15	15	15	15
-	Chief Executive	Reduction in annual interest payments relating to outstanding loans with Public Works Loans Board. The annual interest payments reduce as the loan principal is repaid.  UPDATE CBP 2019/20: Estimates updated and extended to 2022/23	Expenditure Impact	-	(1)	(2)	(3)
			Income Impact	-	-	-	-
			<b>Total</b>	-	(1)	(2)	(3)
Council 31st August 2017	Chief Executive	Annual interest (fixed at 3.5%) receivable from NHDC loan to SLL for purchase of gym and fitness equipment at Hitchin and Royston Leisure Centres, approved by Council in August 2017, decreases as the loan principal is repaid.  UPDATE CBP 2019/20: Interest income estimate extended to 2022/23	Expenditure Impact	-	-	-	-
			Income Impact	3	6	10	14
			<b>Total</b>	3	6	10	14
-	Chief Executive	District Wide Survey (estimated cost £16k) and Citizens' Panel (estimated cost £8k) take place in alternate years.  UPDATE CBP 2019/20: Estimates include cost of District Wide Survey in 2021/22	Expenditure Impact	8	-	8	-
			Income Impact	-	-	-	-
			<b>Total</b>	8	-	8	-

<b>Total Net Budget Impact</b>	<b>Total Expenditure Impact</b>	<b>(137)</b>	<b>(146)</b>	<b>(139)</b>	<b>(148)</b>
	<b>Total Income Impact</b>	<b>3</b>	<b>6</b>	<b>10</b>	<b>14</b>
	<b>Total Budget Impact</b>	<b>(134)</b>	<b>(140)</b>	<b>(129)</b>	<b>(134)</b>



**Identified Financial Risks 2019/20**

Service Directorate	Financial Risk Ref. No.	Risk	High/ Medium/ Low	Risk Value £	%	Total Risk Assessment £
Commercialisation	FR1	Further delay to the opening of the North Herts Museum and Cafe due to unanticipated incidents hinders the achievement of the operating surplus anticipated from the Community facility.	M	100,000	25%	25,000
	FR2	Adverse possession of land/buildings (litigation costs). Protection of "Village Greens". Signs/fences need to be constructed to avoid residents claiming ownership rights.	M	35,000	25%	8,750
	FR3	Contamination clear-up costs for disposal/vacant sites	L	250,000	0%	0
	FR4	Cost of energy efficiency improvements required to lower energy rated properties in order to comply with the minimum energy efficiency standards introduced by government legislation. The regulations will come into force for new lets and renewals of tenancies with effect from 1st April 2018 and for all existing tenancies on 1st April 2020.	M	50,000	25%	12,500
Customers	FR5	Fines for breaches of the EU General Data Protection Regulation by the Council or by NHDC outsourced providers when handling and storing data originally collected by NHDC	L	500,000	0%	0
	FR6	Bad Debt Provision may need to increase in light of the roll-out of Universal Credit.	M	70,000	25%	17,500
	FR7	Ransomware attack results in the write-off of IT hardware and infrastructure.	L	200,000	0%	0
	FR8	Failure to meet projected Careline sales income as a result of the loss of a corporate client or fall in the number of private clients.	H	50,000	50%	25,000
	FR9	The payment of compensation to Careline's corporate or retail customers arising from a service interruption.	L	10,000	0%	0
Legal	FR10	District by-election	L	4,000	0%	0
	FR11	Legal team resources - requirement due to recruitment/retention issues to use temp. staff or outsource work. Additional external expertise for assistance with the delivery of key Corporate projects or Governance issues	M	100,000	25%	25,000
	FR12	Legal expertise related to employment cases	M	50,000	25%	12,500
	FR13	The Council is required to meet the cost of any award from new or ongoing judicial reviews.	H	100,000	50%	50,000

Service Directorate	Financial Risk Ref. No.	Risk	High/ Medium/ Low	Risk Value £	%	Total Risk Assessment £
Community	FR14	Possible procurement challenge. Legal costs and costs of re-tendering if necessary.	L	100,000	0%	0
	FR15	Costs incurred from an increased number of prosecutions pursued in court, for example due to persistent flytipping.	M	50,000	25%	12,500
	FR16	Domestic Homicide Review – requirement for additional resources to respond	L	15,000	0%	0
	FR17	Elections team staffing resource - requirement to deliver a parliamentary election and / or public referendum, in addition to scheduled elections, results in an increased use of temporary staff.	M	25,000	25%	6,250
Place	FR18	The council is forced to re-tender a major contract if a contractor is unable to deliver a contract for any reason .	L	300,000	0%	0
	FR19	Increase in the net cost of recycling services due to either or all of ; adverse changes in the market prices for commodities; a reduction in the volume of recyclates collected; a change in the material composition of the recyclates collected	H	100,000	50%	50,000
	FR20	Reduction in funding from third party agency agreements for contracted grounds and/or tree maintenance works.	L	50,000	0%	0
	FR21	Costs resulting from a localised flooding event that is associated with water courses within the responsibility of NHDC to maintain.	L	100,000	0%	0
	FR22	Cost of felling and destroying trees as a result of tree disease	L	75,000	0%	0
	FR23	Lack of resilience in delivering key statutory services when staff absence occurs (other than normal leave) e.g. medium/long term sickness, staff resignations, etc.	H	40,000	50%	20,000
	FR24	Usage of bed and breakfast accommodation for homeless households.	M	180,000	25%	45,000
	FR25	Dangerous structures - where the Council is unable to recover the costs incurred in making the structures safe because, for example, the owner of the property is not known or the land/building is unregistered.	M	50,000	25%	12,500
	FR26	Specialist advice required with regard to planning applications, e.g. town centre schemes and "hostile applications".	M	100,000	25%	25,000
	FR27	Costs associated with a challenge to a decision of the Council, for example an appeal against a planning decision, judicial review or threat in advance of a planning decision, Secretary of State call in or holding direction.	H	500,000	50%	250,000

Service Directorate	Financial Risk Ref. No.	Risk	High/ Medium/ Low	Risk Value £	%	Total Risk Assessment £
Regulatory	FR28	Enforcement – costs in relation to enforcement through direct action or appeal processes.	M	100,000	25%	25,000
	FR29	New duties and obligations associated with changes to government policy	L	25,000	0%	0
	FR30	Local Plan: additional costs associated with progressing the Local Plan.	H	250,000	50%	125,000
	FR31	Local Plan: costs associated with a challenge to the Local Plan either from the Council or another stakeholder/authority	H	450,000	50%	225,000
	FR32	Theft of, or damage to, parking pay & display equipment	M	20,000	25%	5,000
	FR33	Income related to planning applications is lower than the budget expectation as a result of a delay to Local Plan progress or the economic impact of Brexit.	M	250,000	25%	62,500
	FR34	Hertfordshire Home Improvement Agency fail to recover sufficient fees, based upon application throughput, resulting in additional payment requested by HCC to cover costs.	M	30,000	25%	7,500
	FR35	Termination of North Hertfordshire Housing Partnership and end of shared policy/software arrangements with settle.	L	20,000	0%	0
Resources	FR36	Assumed vacancy saving within staffing payroll budgets does not materialise as a slimmer staffing structure reduces both employee turnover and the capacity to hold posts vacant for any significant period of time.	L	300,000	0%	0
	FR37	Breach of partial-exemption calculation for VAT	L	300,000	0%	0
	FR38	The Council's compliance contractors identify exceptional repairs and maintenance required for Council properties.	M	50,000	25%	12,500
	FR39	Localisation of Business Rates – The council is now directly exposed to a range of risks including; business rates levy, safety net.	L	130,000	0%	0
	FR40	Member/Officer Indemnity Agreement is called upon	L	100,000	0%	0
	FR41	Further levy is charged through the MMI Scheme of Arrangement	L	20,000	0%	0

Service Directorate	Financial Risk Ref. No.	Risk	High/ Medium/ Low	Risk Value £	%	Total Risk Assessment £
	FR42	Treasury Management - potential default by a counter party	L	5,000,000	0%	0
	FR43	Difficulty in recruiting Facilities Assistants results in higher expenditure on agency staff	H	10,000	50%	5,000
	FR44	Employment related risks related to outsourcing, shared services and restructuring	H	250,000	50%	125,000
	FR45	Reduced staffing capacity means that the delivery of efficiency proposals or investment projects is delayed and / or additional staffing resource must be hired externally at a cost premium to the Council.	M	50,000	25%	12,500

10,559,000

1,202,500

**CABINET**  
29 January 2019

**PUBLIC DOCUMENT**

**TITLE OF REPORT: INVESTMENT STRATEGY (INTEGRATED CAPITAL AND TREASURY)**

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

**1. EXECUTIVE SUMMARY**

- 1.1 The Council has produced an Investment Strategy in response to guidance from the Ministry for Housing, Communities and Local Government (MHCLG) and the Chartered Institute of Public Finance and Accountancy (CIPFA). It replaces the Capital Programme and Treasury Strategy that have previously been produced.
- 1.2 The Investment Strategy provides additional information that was not previously contained within the previous separate reports and this is explained in section 8.
- 1.3 The Investment Strategy contains the following key information:
- A capital programme for 2019/20 of £8.213m, and £11.303m for the period 2019/20 to 2023/24.
  - Recommendations on Prudential Indicators and other Treasury Indicators that will be monitored and reported on during the year (2019/20)
  - Changes to the scope of treasury investments to be included within the strategy.

**2. RECOMMENDATIONS**

- 2.1 That Cabinet recommend to Council the adoption of the Investment Strategy (as attached at Appendix A), including the capital programme and prudential indicators.
- 2.2 That Cabinet recommend to Council the adoption of the four clauses in relation to the Code of Practice on Treasury Management (as detailed in paragraphs 8.17 to 8.23).

### **3. REASONS FOR RECOMMENDATIONS**

- 3.1 To ensure that the capital programme meets the Council's objectives and officers can plan the implementation of the approved schemes.
- 3.2 To ensure the Council's compliance with CIPFA's code of practice on Treasury Management, the Local Government Act 2003, statutory guidance from the Ministry of Housing, Communities and Local Government and the CIPFA Prudential Code. As well as determining and managing the Councils risk appetite in respect of investments.

### **4. ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 Each proposed capital scheme is the result of consideration of options for continuous service improvement by the relevant Service Director in consultation with the relevant Executive Member.
- 4.2 The primary principle governing the Council's investment criteria is the security and liquidity of its investments. After this the return (or yield) is then considered, which provides an income source for the Council. In general, greater returns can be achieved by taking on greater risk.

### **5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS**

- 5.1 All Members were given opportunity to comment on all new Capital investment proposals, as well as existing projects earmarked in future years, at the Member Budget Workshops held in November 2018. Notes of the comments and questions raised at the workshops were provided to Cabinet in December.
- 5.2 Members will be aware that consultation is incorporated into project plans of individual capital schemes as they are progressed.
- 5.3 There is ongoing dialogue with the Authority's Cash Manager, Tradition and regular meetings with Treasury advisors (Link).

### **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 18 December 2018.

## **7. BACKGROUND**

- 7.1 On 2<sup>nd</sup> February 2018, the MHCLG published updated statutory guidance on Local Government investments. The guidance was effective from 1<sup>st</sup> April 2018, but it recognised that it had been published very late and therefore full implementation could be delayed until 2019/20. As at the date that the statutory guidance was issued, the Council's capital programme and treasury strategy has already been considered by Cabinet and recommended on to Full Council. Therefore the option was taken to defer to 2019/20.
- 7.2 Guidance issued by CIPFA is in the form of the Prudential Code (i.e. the Prudential Code for Capital Finance in Local Authorities, 2017 Edition) and the Treasury Management Code (i.e. the Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes, 2017 Edition).
- 7.3 The statutory guidance issued by the MHCLG has broadened the scope of what should be covered by the treasury management principles of Security, Liquidity and Yield. This has now been extended to include capital assets that are held for financial returns, rather than just treasury investments. For these assets it has also added a requirement to consider the fair value of the asset and the risk of loss.
- 7.4 The guidance also now requires a consideration of the full costs of holding assets, including both revenue and capital maintenance. It also encourages taking a longer term view of this expenditure i.e. up to 10 years.
- 7.5 The guidance provides a revised definition of 'borrowing in advance of need'. In the past this has been determined to be borrowing before it is strictly needed and then investing the surplus cash. If the borrowing is cheap enough and it is invested in the right way then this can create a net gain. The new definition now determines that borrowing for capital investments where they are acquired purely to generate profit is also now treated as borrowing in advance of need.
- 7.6 In the past, Members have approved a capital programme and a treasury management strategy. In line with the new guidance, these are now covered within a single Investment Strategy. Whilst there was an option to retain multiple documents, it was felt that this would have resulted in duplication and something that was less coherent.
- 7.7 The Finance, Audit and Risk Committee received an early draft of the Investment Strategy in September. This gave them an opportunity to comment on the format and readability of the document. The Shared Internal Audit Service (SIAS) have also audited the document to confirm that it adheres to the statutory guidance. The Council has agreed changes in relation to all the recommendations made.

7.8 The Corporate Business Planning Process begins each year with consideration of policy priorities and the Council's Priorities for the District and a review of the Medium Term Financial Strategy. Finance and other resources are aligned to the strategic priorities as set out in the Corporate Plan. This requires that each proposal for additional investment is linked to one of the three priorities identified in the Priorities document.

7.9 Cabinet receives quarterly updates on the delivery and funding of the Council's capital programme, with the report presented at the December meeting of Cabinet providing estimates as at the end of the second quarter of 2018/19. The report advised that total expenditure of £17.823m would be required to deliver the current capital programme for 2018-2023, with £7.211m forecast to be spent in 2018/19. Table 1 below details the changes to the existing capital programme reported to Cabinet since the Capital Programme was approved by Full Council in February 2018.

**Table 1- Capital Estimates**

	<b>2018/19 £M</b>	<b>2019/20 £M</b>	<b>2020/21 to 2022/23 £M</b>
<b>Original Estimates approved by Full Council February 2018</b>	<b>12.511</b>	<b>1.828</b>	<b>2.737</b>
<b>Changes approved by Cabinet in 2017/18 Capital Outturn report (reprogramming from 2017/18)</b>	5.644	0	0
<b>Revised Capital Estimates at start of 2017/18</b>	<b>18.155</b>	<b>1.828</b>	<b>2.737</b>
<b>Changes approved by Cabinet at 1<sup>st</sup> Quarter</b>	-2.298	0.150	-1.490
<b>Addition to capital programme for lift at Town Hall / Museum</b>	0.020	0	0
<b>Changes approved by Cabinet at 2<sup>nd</sup> Quarter</b>	-8.666	6.387	1.000
<b>Current Capital Estimates</b>	<b>7.211</b>	<b>8.365</b>	<b>2.247</b>

7.10 Members were given opportunity to comment on all new Capital investment proposals, as well as existing projects earmarked in future years, at the Member Budget Workshops held in November 2018. Notes of the comments and questions raised at the workshops were provided to Cabinet in December.

7.11 The Treasury Strategy Statement for 2018/19 was approved by Council in February 2018. A mid year review of the Treasury Strategy was provided to Council in January 2018. There have been no changes made to the Strategy during the course of 2018/19.



## 8. RELEVANT CONSIDERATIONS

- 8.1 The proposed Investment Strategy is attached at Appendix A. Council are asked to approve this strategy, which includes the following:
- New capital investment proposals totalling £0.391m
  - A total capital programme for the period of 2019/20 to 2023/24 of £11.303m
  - Adoption of a treasury strategy that covers borrowing and investment forecasts and limits, including prudential indicators
- 8.2 The following are provided as appendices to Investment Strategy, and are also appendices to this report:
- Appendix A1- A full list of planned future capital expenditure (2019/20 onwards)
  - Appendix A2- A list of new capital schemes and schemes planned to commence from 2019/20
- 8.3 The format of the Investment Strategy is described in the introduction section (pages 2 and 3). A lot of the content of the Investment Strategy is combining information previously incorporated in the capital programme and treasury strategy. The following paragraphs detail the additional information required and any changes made to policies.
- 8.4 'Skills and Culture' section on pages 5 and 6. The new guidance requires the strategy to describe the training that has been put in place to enable decision makers to have the knowledge and information they need to make decisions. The increased scope of this strategy and the increased focus of the Council on commercial opportunities, increases the importance for training to be made available and for all decision makers to take it up.
- 8.5 In table 4 on page 10, the Council is now required to assess the security, liquidity and yield of the capital assets that are owned for purposes other than service delivery (i.e. to generate income). Security, liquidity and yield considerations have previously only been applied to treasury investments, and are not easy to apply to other types of asset. All of these income generating assets have been owned by the Council for many years and have provided a stable income stream. These concepts will be more relevant to the acquisition of any new assets. Similarly, table 5 on page 11 and 12 is a new requirement to consider the fair value of assets and the risk of loss. All the Council's investment assets are revalued annually on fair value basis (i.e. what an independent third party would pay for the asset). Due to the nature of most of the leases in place the risk of loss is very low.

- 8.6 In table 6 (pages 13) there is a new requirement to consider a 10-year time horizon in respect of the costs of maintaining assets in a useable condition. The values provided for years 6 to 10 are high level estimates only and will be subject to change. There is also a new requirement to show the revenue costs of maintaining capital assets alongside the capital costs (page 13). Previously this would only have been reflected in the revenue budget. This helps to give a more complete picture in one place.
- 8.7 Tables 8 and 9 on page 15 are the equivalent of tables 4 and 5 (described above) for new planned capital assets. The only relevant assets are building or acquiring market housing. An overall summary is provided within the strategy, but the detail will depend on the exact assets and this analysis will form part of the business case for each one.
- 8.8 Table 10 provides estimates of the capital receipts that the Council estimates that it will receive from the disposal of surplus land and buildings. These are prudent estimates based on a view of the potential use for these sites. Actual values will be subject to planning and market conditions. Whilst the Council's Estates function has to fully operate within planning rules, it will do this with a commercial focus. The Council may choose to retain some of these sites for the purpose of generating revenue income. Any business case in relation to this would consider the lost capital income and the revenue implications (e.g. borrowing) of doing this.
- 8.9 Part 4 of the strategy (page 18 onwards) details the borrowing strategy of the Council. Given the estimates of capital spend and capital receipts, it is not expected that the Council will need to borrow any additional money. It will continue to hold existing borrowing due to the premiums attached to early repayment. The operational boundary (page 19) is the amount that external debt is not normally expected to exceed. Given that it is expected that the Council will not need to borrow any additional funds, this is set at £1m above the forecast of total external debt. The authorised limit is the limit beyond which external debt is prohibited without first reporting back to Full Council. This is set at around £5m above the operational boundary. This would cover the unlikely event that there is a need to borrow for cash-flow purposes.
- 8.10 Table 16 on page 26 details where the Council has provided, or plans to provide, loans that are not for treasury management purposes. The only example of an existing loan is to the Hertfordshire Building Control company, which is a jointly owned Local Authority company where the Council is also a shareholder. The potential future loan is to a wholly owned Property Company as a means to provide financing to the company. The table provides an assessment of the loan and the risks involved.
- 8.11 Part 5 of the strategy (page 25 onwards) sets out how the Council will invest its surplus cash, in terms of where and for how long. Surplus cash is generally made up of the General Fund balance, revenue reserves and provisions, s106 balances, capital receipts and set-aside receipts. Investment choices are based on applying the principles of security (how safe the underlying cash is), liquidity (how easy it is to access the cash) and yield (the interest earned), in that order.

- 8.12 No investment is completely safe and in general the yield earned is to compensate for the risk of holding that investment. The Council currently takes on greater risk than is recommended by our treasury advisors (Link Asset Services) in relation to:
- Investments in unrated UK Building Societies- this risk is partly managed by reviewing other available information and limiting the size of investments. It also reflects that Building societies are regulated to the same standards as UK banks and are prevented by law from undertaking risky financial trading. Furthermore, in the past when a building society has encountered difficulties, a merger with a stronger society has ensured that both wholesale depositors and retail savers experienced no interruption to service. There is of course no guarantee that this would continue to happen.
  - Only investing within the United Kingdom- this limits the opportunities to diversify the portfolio of investments. Diversification allows risk to be spread across a number of different institutions and/or institutions with different risk exposures.
- 8.13 The previous investment strategy set limits based on the percentage of total available cash on the day that the investment is placed. This has resulted in two minor breaches of the strategy due to errors keeping track of the limit on that day (which have been reported to Cabinet). It also means that a long-term investment (e.g. 1 year) could be made on one day but not on the following day (or vice versa), even though the risk exposure is fundamentally the same.
- 8.14 To address the issues highlighted in 8.12, the following changes are included in the new strategy:
- To continue to invest in unrated UK building societies, but to reduce the amount that can be invested in each one and also make use of KPMG reports (already being used but are in addition to the current strategy). To also reduce the maximum amount that can be invested in Building Societies and Property funds combined to 60% (previously 75%).
  - To allow investments in non-UK banks subject to both a country credit rating (as provided by Fitch) of AAA and above and an institution rating of AA- and above. These are both more stringent than are applied to UK investments (UK sovereign rating is currently AA and the minimum UK institution rating is BBB or above). Any investment would be in Sterling and therefore there would be no currency risk. The sovereign (country) limit has been deliberately set at the highest possible level, and is above the minimum level recommended by Link of AA-. As an example, this limit would not have allowed an investment in Iceland at any point preceding the crash in 2008. During the period from 2000 to 2008 the highest foreign currency rating was AA-. As at 28th December 2018, the following countries have a rating of AAA: Australia (4), Canada (5), Denmark (0), Germany (3), Netherlands (2), Singapore (3), Sweden (3), Switzerland (1) and USA (4). The numbers in brackets following each country is the number of institutions that meet the AA- institution rating criteria.

- To allow investments in any AAA rated Money Market Fund (MMF), not just UK only. The main point of MMFs is that they enable diversification, which is best achieved if the only limitation is the quality of the investments that they can invest in. It also widens the number of MMFs that the Council could invest in (currently only one meets the UK criteria), which allows diversification across MMFs. The MMF that the Council can currently invest in is only open to Local Authorities. This could be a liquidity risk if all the Councils wanted to disinvest at the same time.
- 8.15 To address the issue raised in 8.13 the new strategy takes the expected year end cash balance (as at 31st March 2020), based on budget and cash-flow forecasts. Any percentages will be applied to this total to convert it in to a £ value (rounded up to the nearest £1m) that will then be applied all year. For example, if it is expected that the year end cash balance will be £28m and 10% can be invested in any individual bank, then the limit will be £3m throughout the year.
- 8.16 The other changes that are included in the new strategy are:
- The current policy is unclear on whether there is a limit on UK Government Debt Management Office (DMO) investments. This is a short-term investment direct with the UK Government so is the safest place for the Council to put its cash. Therefore the proposal is that there is no limit on these investments.
  - The current policy is unclear on whether there is a limit on other Local Authority investments in total. This is the next safest type of investment as it is with a tax raising body. Therefore the proposal is that there is no limit on these investments in total, but limited by the amount with any individual Local Authority.
  - The current policy states that the balance in the Council's current account is excluded from any limits. The proposal is that a limit of £5m is set. This is an amount that is considered to be sufficient for cash management purposes and ensures that there is a formal control in relation to this.
  - Any investments with a term of greater of 2 years will be subject to approval by the Chief Finance Officer, which will include a consideration of how much the investment will be as a percentage of total funds at the date it matures. It will be ensured that this is less than 40% of the estimated balance.
- 8.17 The Code of Practice on Treasury Management requires that a report be submitted to Full Council setting out four clauses which should be formally passed in order to approve adoption of the code. The four clauses are detailed below, including how they are met by the Council. As recommended by CIPFA, where appropriate these are included within the Council's Constitution and Financial Regulations.
- 8.18 Clause 1 relates to creating and maintaining a Policy and practices as a cornerstone for effective treasury management.

8.19 Full Council are asked to approve the adoption of the following Treasury Management Policy Statement, which is the same as in previous years:

- *This organisation defines its treasury management activities as: “The management of the authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.*
- *This organisation regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.*
- *This organisation acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.*

8.20 The Council has adopted treasury management practices (TMPs) which set out how the Council will carry out, manage and control the achievement of the policy above in practice. These TMPs are substantially unchanged from last year and follow the recommendations contained within the Code, subject only to amendment where necessary to reflect the particular circumstances of the Council. Such amendments are minor and do not result in any material deviation from the Code’s key principles. The TMPs are operationally focused and therefore the themes covered are detailed below, rather than providing the full document. Where relevant the detail is already covered in the Investment Strategy (e.g. approved instruments):

- TMP1- Risk Management
- TMP2- Performance Measurement
- TMP3- Decision making and analysis
- TMP4- Approved instruments, methods and techniques
- TMP5- Organisation, clarity and segregation of responsibilities, and dealing arrangements
- TMP6- Reporting requirements and management information arrangements
- TMP7- Budgeting accounting and audit arrangements
- TMP8- Cash and cash-flow management
- TMP9- Money laundering
- TMP10- Staff training and qualifications
- TMP11- Use of external service providers
- TMP12- Corporate Governance

8.21 Clause 2 relates to the reporting on treasury activities. These are set out in the Investment Strategy on page 3.

- 8.22 Clause 3 relates to the delegation of responsibility for the implementation and regular monitoring of its treasury management policies. The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet (Constitution 5.6.9) and for the execution and administration of treasury management decisions to the Service Director: Resources (Constitution 14.6.12 (a) (iii) and Financial Regulations section 13) who will act in accordance with the Council's policy statement and treasury management practices and the CIPFA Standard of Professional Practice on Treasury Management.
- 8.23 Clause 4 relates to the scrutiny of treasury management strategy and policies. The Council nominates the Finance, Audit and Risk Committee to be responsible for ensuring effective scrutiny of the Treasury Management Strategy and policies (Constitution 10.1.5 (c)).

## **9. LEGAL IMPLICATIONS**

- 9.1 Full Council will decide the overall capital budget (Constitution 4.3) and approve the treasury management strategy statement (Constitution 4.4.1 (dd)).
- 9.2 Cabinet will recommend to Full Council the annual capital budget (Constitution 5.6.38) and treasury management strategy statement (Constitution 5.6.39).
- 9.3 The Finance, Audit and Risk Committee will consider the Council's policy in relation to Treasury Management and make recommendations on the Annual Treasury Management and Investment Strategy, and Treasury Management Code of Practice (Constitution 10.1.5 (c)).
- 9.4 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." That officer is the Service Director- Resources.
- 9.5 The proposed Prudential Indicators contained within the Investment Strategy comply with the Local Government Act 2003. The Investment Strategy has been developed to comply with the statutory guidance from the Ministry of Housing, Communities and Local Government and the CIPFA Prudential Code.

## **10. FINANCIAL IMPLICATIONS**

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

## **11. RISK IMPLICATIONS**

- 11.1 Capital investment is sometimes needed to mitigate against a risk to the Council. This is detailed to Members when a new investment comes forward. The risk implications of each individual scheme are considered in project plans as the schemes are progressed. The capital programme assumes a level of third party contributions and grants towards the cost of the schemes. There is a risk that not all the contributions are forthcoming.
- 11.2 Investment risks in relation to treasury management are covered in this report and the Investment Strategy. The TMPs (see 8.20) and Financial Regulations provide controls to manage other risks.

## **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 directly arising from the adoption of the Capital Programme for 2018/19 onwards. 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 agreement of the investment proposal.

## **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 resources implications.

## **15. APPENDICES**

- 15.1 Appendix A: Investment Strategy (Integrated Capital and Treasury)
- 15.2 Appendix A1- A full list of planned future capital expenditure (2019/20 onwards)
- 15.3 Appendix A2- A list of new capital schemes and schemes planned to commence from 2019/20

**16. CONTACT OFFICERS**

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## **Appendix A**

### **Investment Strategy (Integrated Capital and Treasury Strategy)**

## Part 1- Overview

### Introduction

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's risk appetite, providing adequate security and liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending plans. This management of longer-term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses.

The Chartered Institute of Public Finance and Accountancy (CIPFA) define treasury management as:

*"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."*

Recent changes to legislation and guidance have meant that the coverage of this strategy has been extended. First of all this strategy now provides an integrated view of capital spend and income, alongside treasury management. This is because long-term Treasury management is inextricably linked to the funding of the capital programme. Secondly, there is now a requirement to apply treasury management principles to any capital spend that is not related to service provision.

The format of this strategy is as follows:

#### Part 2- Capital Spend

- A summary of the Council's current capital assets. For those assets that are not held for service provision, an assessment against the principles of Security, Liquidity and Yield.
- Forecasts of the capital and revenue spend required to maintain those assets.
- Planned spend on new capital assets, with the additional assessment of risk, security, liquidity and yield for those assets that are not being acquired for service provision.
- This part of the strategy therefore gives a complete picture of forecast capital spend.

#### Part 3- Capital balances, receipts and the Capital Financing Requirement (CFR)

- Forecasts of expected receipts from the sale of surplus capital assets.
- Comparing capital spend forecasts with capital reserve balances and forecast future receipts gives the Capital Financing Requirement, which is the Council's need to borrow.

#### Part 4- Borrowing Strategy and Minimum Revenue Provision (MRP)

- This leads to the setting of a borrowing strategy which sets out how to borrow, when to borrow and for how long.
- Where the Council has a borrowing requirement, then it is required to set a policy on Minimum Revenue Provision.

#### Part 5- Investment Strategy

- This is then all combined to determine the levels of cash that the Council will have available for investment. This leads to an investment strategy that determines where to invest any balances, including limits on types of investments.

#### Part 6- Overall Risk considerations

- To consider the cumulative risks that the Council faces that arise from the totality of this strategy.

#### Part 7- Glossary of terms

- To explain the various terms used in this strategy.

The strategy sets a number of prudential and treasury indicators. A prudential indicator is one which is required by statutory guidance, whereas a treasury indicator is one that is set locally to provide information on performance.

#### Reporting requirements

Full Council will receive and approve three reports during the year:

- The Integrated Capital and Treasury strategy (this report)
- A mid-year review
- An annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the organisation's treasury management strategy

Each of these reports will be reviewed by the Finance, Audit and Risk (FAR) Committee and Cabinet. The FAR Committee and Cabinet will also receive reports on the position as at the end of the first (to end of June) and third (to end of December) quarters. The FAR Committee undertakes an oversight role.

These reports will provide relevant updates on performance against the prudential and treasury indicators.

#### Basis of Estimates

The estimates contained within this strategy are based on the best information that can reasonably be obtained. For forecasts of spend on assets (revenue maintenance, capital maintenance and capital acquisitions) this is based on a combination of previous experience, indicative quotes, condition surveys and professional advice. The estimates of capital receipts are provided by the Council's Senior Surveyor and are prudent estimates based on expected use, type of sale, market conditions and (where applicable) the status of negotiations to date.

The Council has experienced some cost increases on capital projects in the past. These have generally arisen from delays in the start of the project and subsequent inflation rather than incorrect estimates. Budget Holders have been asked to be as realistic as they can be about the timing of projects, and ensure that forecast costs are aligned to the expected timing. There will also be external factors that affect estimates, particularly the impacts of the United Kingdom's withdrawal

from the European Union. For capital projects, there is some flexibility to the extent to which they can overspend without further approval (ranging from 5% to 20% dependant on value) and this is considered in setting this overall strategy and in the quarterly monitoring.

### Treasury Management Policy and Treasury Management Practices

In line with guidance from the Chartered Institute of Public Finance and Accountancy, the Council sets the following treasury management policy:

1. This Council defines its treasury management activities as: The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
2. The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.
3. The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

The Council also has treasury management practices (TMPs) which set out how the Council will carry out, manage and control the achievement of the policy above in practice. These TMPs follow the recommendations contained within the Code of Practice on Treasury Management (published by CIPFA), subject only to amendment where necessary to reflect the particular circumstances of the Council. Such amendments are minor and do not result in any material deviation from the Code's key principles. The TMPs cover the following areas:

- TMP1- Risk Management
- TMP2- Performance Measurement
- TMP3- Decision making and analysis
- TMP4- Approved instruments, methods and techniques
- TMP5- Organisation, clarity and segregation of responsibilities, and dealing arrangements
- TMP6- Reporting requirements and management information arrangements
- TMP7- Budgeting accounting and audit arrangements
- TMP8- Cash and cash-flow management
- TMP9- Money laundering
- TMP10- Staff training and qualifications
- TMP11- Use of external service providers
- TMP12- Corporate Governance

### Treasury Consultant

The Council has contracted with Link Asset Services to provide treasury management advice during 2018/19. It is recognised that the responsibility for treasury management decisions remains with the Council at all times and the Council will ensure that undue reliance is not placed upon Link. However there is value in employing external providers of treasury management services in order to acquire

access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented. The Council will be carrying out a re-procurement of this contract during 2018/19. . The performance of the treasury consultant is assessed through regular meetings and the justifications for the advice provided.

#### Skills and culture

It is important that decision makers are given the information that they need to make those decisions. Given that treasury and risk management can be a complex area; this should be accompanied by the availability of appropriate training. To address the availability of information, all Council, Cabinet and Committee reports include sections on both financial and risk implications. Where a decision is more financial in nature then these considerations will be detailed throughout the report. Table 1 details the key groups in relation to decision making and the training that has been made available. This strategy is required to disclose the steps that have been taken to provide training, and it is up to individual members of those groups to ensure that they take advantage of the opportunities offered.

Table 1

Group	Reason for training	Training that has been made available
Full Council (All Councillors)	<p>Required to formally adopt this Strategy.</p> <p>Required to approve any capital purchase over £2.5m.</p>	<p>Annual training that provides an introduction to Local Authority funding and accounting.</p> <p>Training session provided by Link (the Council's treasury advisors) on risk and how it can be assessed, particularly in relation to capital investment.</p>
Finance, Audit and Risk Committee	<p>To review the Council's policies on Treasury, Capital and the Medium Term Financial Strategy.</p> <p>To monitor the effective development and operation of risk management.</p>	<p>Members of the Committee (and substitutes) are encouraged to complete a skills self-assessment. This allows the targeting of specific training.</p> <p>Regular reporting to the Committee on Capital, Risk and Treasury provides the opportunity to ask questions.</p>
Chief Finance Officer and Finance Team	<p>Responsibility for the financial management of the Council (under s151 of Local Government Act, 1972), including capital and treasury management. Provide advice to Budget Holders in respect of financial management.</p> <p>Responsible for reviewing and amending the financial implications sections of reports.</p>	<p>Ongoing Continuing Professional Development for all qualified members of the finance team, including focused training for specific areas of responsibility.</p>
Senior Management Team (SMT)	<p>Individual Service Directors will be responsible for putting forward proposals.</p> <p>Proposals will be reviewed by the Senior Management Team prior to taking through the Committee process.</p> <p>Members of SMT are likely to be involved in negotiating commercial deals.</p>	<p>Training session on risk, risk appetite and assessing risk.</p> <p>Regular updates on the Council's funding and finances, including significant changes in regulations.</p> <p>Training on the core principles of the prudential framework.</p>

## Part 2- Capital Spend

### Current Capital Assets

As at 31<sup>st</sup> March 2018, a summary of the capital assets owned by the Council is shown in table 2 below..

**Table 2**

<b>Asset Type</b>	<b>Asset</b>	<b>Reason for ownership</b>	<b>Value (£000)</b>
Investment Properties	Various	Retained to generate income	17,710
Surplus Land and buildings	Various	Held for future sale or development	6,738
Offices and Storage	DCO	Staff offices, customer service centre and democratic facilities	5,547
Offices and Storage	Unit 3	Off-site storage, back-up IT and emergency planning	438
Leisure Facilities	Hitchin Swim Centre / Archers	Service use	7,711
Leisure Facilities	Letchworth Outdoor Pool	Service use	2,617
Leisure Facilities	North Herts Leisure Centre	Service use	12,942
Leisure Facilities	Royston Leisure Centre	Service use	7,847
Leisure Facilities	Pavilions	Service use	2,001
Leisure Facilities	Recreation Grounds / Play Areas / Gardens	Service use	6,117
Community Centres and Halls	Various	Community facilities, generally operated by third parties	11,775
Markets	Hitchin Market	To provide a market	137
Museums and Arts	Hitchin Town Hall and District Museum	District-wide museum and community facility	11,136
Museums and Arts	Letchworth and Hitchin museums, Burymead store	Museum storage	1,465
Cemeteries	Various	Service use	1,479
Community Safety	Various CCTV cameras	Service use	62
IT	Various computer equipment and software	To enable the delivery of other services	376
Parking	Various car parks	Service use	9,448
Waste Collection	Bins	Service use	696
Public Conveniences	Various	Subject to leases/ management arrangements	610
Other	Various	Various	365
<b>Total</b>			<b>107,217</b>

Table 3 shows the capital expenditure that has been incurred during the year, or is forecast to be spent in the remainder of the year:

**Table 3**

<b>Asset Type</b>	<b>Asset</b>	<b>Reason for purchase/ expenditure</b>	<b>Value (£000)</b>
Offices and Storage	Unit 3	To provide additional storage through installation of a mezzanine floor	50
Investment Properties	Residential Housing	To generate rental income/ capital appreciation, including conversion of Harkness Court	500
IT	Various computer equipment and software	To maintain IT service and provision of equipment in the Council Chamber	287
Various	Various	Capital maintenance of Council buildings	108
Cemeteries	Wilbury Hills Cemetery, Letchworth	Construction of pathway and roadway	35
Leisure Facilities	Hitchin Swim Centre / Archers	New lift in the Swim Centre. Refurbishment of toilets and showers at outdoor pool. New fitness equipment.	222
Leisure Facilities	Letchworth Outdoor Pool	Refurbishment of toilets and showers at outdoor pool. New safety flooring.	175
Leisure Facilities	North Herts Leisure Centre	Completion of redevelopment works.	172
Leisure Facilities	Royston Leisure Centre	New fitness equipment	13
Leisure Facilities	Pavilions	Decommissioning of pavilions, using Capital Receipts direction	120
Leisure Facilities	Recreation Grounds / Play Areas / Gardens	Decommissioning of play areas, using Capital Receipts direction. Refurbishment of other retained play areas.	306
Museums and Arts	Hitchin Town Hall and District Museum	Acquisition of 14/15 Brand Street and other works.	656
Waste Collection	Vehicles	Capitalisation of vehicles related to the new contract	3,600
Waste Collection	Food waste bins	To enable the introduction of weekly food waste collection	132
Parking	Multi-storey car parks	Lighting at Letchworth Multi-storey, wall works at Lairage Car Park, Hitchin.	27
Community Centres and Halls	Various	Grants for refurbishment of community facilities. Relates to properties that are not owned by the Council (REFCUS).	448
Grants	Various	Disabled Facilities Grants and private sector housing grants (REFCUS)	360
<b>Total</b>			<b>7,211</b>



### **Capitalisation Policy:**

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classed as Property, Plant and Equipment.

Expenditure, above the de-minimis level, on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis provided that it is probable that the future economic benefits or service potential associated with the item will flow to the authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) or is below the de-minimis level, is charged as an expense when it is incurred.

The Authority's de-minimis level is £20,000 for property and £10,000 for vehicles, plant and equipment.

The Council will provide grants that fund works on assets that it does not own. This expenditure can be treated as capital expenditure, even though it does not create an asset that the Council would then own or recognise. This is known as revenue expenditure allowed to be funded by capital under statute (or REFCUS).

For the assets that the Council owns (or plans to purchase in the year) that are **not** for service delivery, the security, liquidity and yield in relation to these have been considered. For these assets it is up to the Council to determine how it balances these, and this will depend on its risk appetite. This analysis is shown in Table 4. In most cases, assets are grouped together by type. Assets that are held for income generation purposes are revalued annually. This valuation is on a fair value basis. Unless detailed below the asset is considered to provide sufficient security.

### **Definitions:**

**Security-** In traditional treasury terms, this is the possibility that other parties fail to pay amounts due to the Authority. For commercial investments it relates to how susceptible they are to changes in value and market conditions.

**Liquidity-** This is the possibility that the Authority may not have funds available to meet its commitments to make payments. In general it relates to how easy it is to sell an asset.

**Yield-** The income return on an investment or asset, such as the interest received or rental income from holding a particular investment or asset.

**Table 4**

<b>Asset (or type of asset)</b>	<b>Security</b>	<b>Liquidity</b>	<b>Yield</b>
Ground leases- mainly of commercial premises in Royston, Letchworth and Hitchin (£14.9m by value)	Generally subject to long leases where the land has been built on. The building would become owned by the Council if there was a default on the lease agreement. Therefore, high security.	It is possible that the Council could try and sell to the leaseholder. Otherwise low liquidity in common with commercial premises.	The assets have been owned for a number of years. Valuations are based on the yield generated.
Churchgate Shopping Centre, Hitchin-ground lease (value £1.6m)	A long lease with upward only rent reviews.	On the basis that it generates a reasonable rental stream, likely to be some interest as an investment. Therefore low to medium liquidity.	Valuations are based on the yield generated.
Letchworth Town Hall (value £0.5m)	25 year lease (from 2012) where the tenant has provided significant investment.	Very low liquidity as would require someone to be interested in this type of building. Listed so would limit redevelopment.	Valuations are based on the yield generated.
Bungalow, Gernon Road, Letchworth (value £0.4m)	Not currently let as a residential premises and the Council does not want to create a Housing Revenue Account.	Medium liquidity as part of potential land sale.	None currently
Beverley Close Store, Royston (value £0.1m)	15 year lease from 2017	Low liquidity in common with commercial premises.	Valuations are based on the yield generated. Previously used as a Council store and a decision was made to retain for rental income.
Residential housing (Harkness Court)	The demand for housing is considered to be greater than an office building. Therefore the expenditure on a conversion scheme is expected to increase the security of the asset.	The asset will be more liquid with the benefit of planning permission and building regulation approval.	Not currently generating any income. The conversion will increase the capital value / enable generation of rental income.
Other assets valued at less than £0.1m (£0.2m in total)	Not fully assessed	Not fully assessed	Not fully assessed

**Definitions:**

Fair Value: The price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

For each of the assets in table 4, there is also a requirement to carry out a fair value assessment that demonstrates that the underlying assets provide security for the capital invested. There is a further requirement to carry out an assessment of the risk of loss. This assessment generally relates to investments in commercial activities so includes items that may be less relevant to the majority of our assets. In total the risk assessment covers:

- Assessment of the market that competing in, including nature and level of competition, market and customer needs including how these will evolve over time, barriers to entry and exit, and ongoing investment required
- Use of external advisers and how the quality of these is monitored
- Whether credit ratings are used and how these are monitored
- Any other sources of information that are used

The assessments described above are shown in table 5. In most cases the assets are grouped together by type.

**Table 5**

<b>Asset (or type of asset)</b>	<b>Fair value assessment</b>	<b>Assessment of the risk of loss</b>
Ground leases- mainly of commercial premises in Royston, Letchworth and Hitchin (£14.9m by value)	Valued on a fair value basis. The valuation is based on rental yields.	Subject to competition from other sites within the same industrial areas and other locations. Difficult (uneconomic) for current lessees to exit due to lease terms and investment in the site. Any maintenance is the responsibility of the leaseholder.
Churchgate Shopping Centre, Hitchin-ground lease (value £1.6m)	Valued on a fair value basis. The valuation is based on rental yields.	External valuations have been commissioned in recent years. These have highlighted the difficulties that face retail and shopping centres in particular. However, the freehold that the Council has is on beneficial terms, and as a result there is a market due to investment returns. Maintenance is the responsibility of the leaseholder. Valuation reports have been checked and challenged by the Council's chartered surveyors.
Letchworth Town Hall (value £0.5m)	Valued on a fair value basis. The valuation is based on rental yields.	The building has some unique features in relation to its prominence and location. However, overall there currently an over-supply of office accommodation in Letchworth. Difficult (uneconomic) for current lessees to exit due to lease terms and investment in the building. Any maintenance during the lease term is the responsibility of the leaseholder.
Beverley Close Store, Royston (value £0.1m)	Valued on a fair value basis. The valuation is based on rental yields.	Subject to competition from other sites within the same industrial areas and other locations. Currently let to a company with significant property interest nearby. Might be difficult to re-let.

Asset (or type of asset)	Fair value assessment	Assessment of the risk of loss
Bungalow, Gernon Road, Letchworth (value £0.4m)	Valued on a fair value basis, reflecting residential property prices	<p>As a residential property, demand remains relatively good. It is competing against other residential properties on the market. There is a risk of a general down-turn in residential property prices.</p> <p>As part of a wider development, there is currently one party that is interested in a purchase. The needs of that party currently match the use of this site, and it is expected that this will remain the case up to the point of sale. Any valuation on this basis is subject to planning.</p> <p>Alternative plan would be to retain the property and let through a Council owned company, which would then generate a revenue income.</p>
Other assets valued at less than £0.1m (£0.2m in total)	Not fully assessed	Not fully assessed

Under the 'Use of Capital Receipts Direction', the Council can treat certain specified revenue spend as capital. Further details of the direction are shown below. Where this direction is used, the spend is included in the capital forecasts in tables 3, 6 and 7.

**Use of Capital Receipts Direction:**

The Capital Receipts direction has been used to fund the decommissioning of pavilions and play areas in 2018/19. There are no plans to make further use of the Direction in the period 2019/20 – 2023/24.

For all assets the future capital cost of maintaining those assets has been considered, and gives the following future capital spend requirements (table 6).

Table 6

Asset	Description of future capital expenditure	Forecast Capital Expenditure (£000)					
		2019/20	2020/21	2021/22	2022/23	2023/24	2024/25 to 2028/29
<b>Existing Capital Programme-schemes 2019/20 onwards</b>							
Various	Capital maintenance based on condition surveys	255	255	255	0	0	500
Lairage Multi-storey car park	Structural wall repairs	120	0	0	0	0	0
Computer Software & Equipment	To maintain IT services	702	119	64	450	0	1,695
Play equipment at Holroyd Cres (Baldock), King George V (Hitchin), Wilbury (Letchworth) and Howard Park (Letchworth)	Replacement and renovation	85	85	0	0	0	0
Various	Private sector housing grants (REFCUS)	60	60	60	60	60	300
<b>New Capital Programme</b>							
Hitchin Town Hall	Acoustic panelling	30	0	0	0	0	0
Hitchin Town Hall	Sprung floor replacement	75	0	0	0	0	0
Hitchin and Letchworth Outdoor Pools	Automatic Chemical Dosing Pumps	20	0	0	0	0	0
Various Leisure Facilities	Condition Survey enhancements	64	23	0	39	140	0
Various car parks	General capital maintenance	0	0	0	0	0	200
<b>Reprogramming (as at Quarter 2)</b>							
Various	Growth Fund Projects	713	0	0	0	0	0
Letchworth Multi-storey car park	Parapet walls, soffit & decoration	138	0	0	0	0	0
Various off-street car parks	Resurfacing	91	0	0	0	0	0
Lairage Multi-storey car park	Lifts refurbishment and safety improvements	399	0	0	0	0	0
St Mary's Car Park	Replace and enhance lighting	60	0	0	0	0	0
Walsworth Common	Pitch improvements	100	0	0	0	0	0
<b>Total</b>		<b>2,912</b>	<b>542</b>	<b>379</b>	<b>549</b>	<b>200</b>	<b>2,695</b>

The totals for 2024/25 to 2028/29 are estimates only and could be subject change. These should be treated as early indications only, and formal approval of these amounts is not required.

The revenue maintenance of these assets has also been considered. The Council has chosen to allocate a central budget of £185k per year for this purpose. In previous years this has been sufficient. Works will be carried out as required.

## New Capital Assets

There are also proposals for the following capital expenditure on new capital assets and expenditure on existing assets that is not related to capital maintenance (table 7).

**Table 7**

Asset	Reason for capital expenditure	Forecast Capital Expenditure (£000)					
		2019/20	2020/21	2021/22	2022/23	2023/24	2024/25 to 2028/29
<b>Existing Capital Programme-schemes 2019/20 onwards</b>							
Residential Property	Provide Housing at Market Rents (also see below)	150	0	0	0	0	0
Royston Leisure Centre	Extension to provide a new multi-functional room and increase size of fitness room	0	0	0	0	1,000	0
Walsworth Common Pavilion	New pavilion	0	300	0	0	0	0
Community Centres and Halls (various)	Grants for refurbishment of community facilities. Relates to properties that are not owned by the Council (REFCUS) (see below)	250	120	0	0	0	0
<b>New Capital Programme</b>							
Hitchin Town Hall	Additional Bar facility	15	0	0	0	0	0
<b>Reprogramming (as at Quarter 2)</b>							
Hitchin Swim Centre	Car park extension	498	0	0	0	0	0
Community Centres and Halls (various)	Grants for refurbishment of community facilities (REFCUS)	292	0	0	0	0	0
John Barker Place	Contribution to redevelopment	1,096	0	0	0	0	0
Parking	On-street charging machines/ installations	285	0	0	0	0	0
Various	S106 projects	129	0	0	0	0	0
Baldock Town Hall	Contribution to works	66	0	0	0	0	0
Residential Property	Provide Housing at Market Rents (also see below)	2,350	0	0	0	0	0
Bancroft, Hitchin	Multi-Use Games Area	170	0	0	0	0	0
<b>Total</b>		<b>5,301</b>	<b>420</b>	<b>0</b>	<b>0</b>	<b>1,000</b>	<b>0</b>

Below is an estimate of the total capital expenditure to be incurred in the years 2019/20 to 2023/24. This is based on tables 6 and 7. This is a Prudential Indicator and the Council is required to set a target for it and monitor against it during the year.

**Prudential Indicator 1: Estimate of total capital expenditure to be incurred in years 2019/20 to 2023/24**

Year	£m
2019/20	8.213
2020/21	0.962
2021/22	0.379
2022/23	0.549
2023/24	1.200

A full list of planned future capital expenditure (2019/20 onwards) is provided as Appendix A1. A list of new capital schemes and schemes planned to commence from 2019/20 is provided in Appendix A2.

Where this proposed expenditure does not relate to service delivery, the security, liquidity and yield in relation to this spend has been considered (table 8).

**Table 8**

Asset (or type of asset)	Security	Liquidity	Yield
Residential Property	<p>The underlying value of residential property generally appreciates over the medium term due to the overall shortage of supply. Individual market factors will be considered prior to acquisition.</p> <p>It is likely that the property will be held through a company. The Council's interest will therefore be secured via a loan or equity holding. Any loan can be secured against property. Any equity interest does not offer the same security, but it may be required due to HMRC rules on the funding of companies.</p>	<p>Property is a medium to long-term asset due to the costs of buying and selling. However it is generally possible to sell residential property within a reasonable time-frame if priced accordingly.</p>	<p>The expected rental yield will be compared to the costs of acquisition or construction as part of the business case.</p>

For these assets, table 9, also details an assessment of the risk of loss. This covers the same factors that have been detailed previously. Where relevant, assets have been grouped together.

**Table 9**

Asset (or type of asset)	Assessment of the risk of loss
Residential Property	This will be fully assessed as part of the business case for the acquisition of any properties.

### **Part 3- Capital balances, receipts and the Capital Financing Requirement (CFR)**

#### **Capital Funding**

The Council forecasts the following additions to its capital receipts (table 10). All the planned disposals are surplus land that is being sold to generate capital receipts. The disposals will also reduce the risks and costs of holding the land. Due to the potential impact on negotiations over disposal values, individual values are not detailed.

**Table 10**

	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25 to 2028/29</b>
Forecast Receipts (£000)	4,950	3,000	2,250	0	0	Tbc

The above timing and values are an estimate only. Actual timings will depend on market conditions and time taken for planning permission to be granted (where sales values are subject to planning). The Council will seek to maximise the sales values it can achieve.

As a result of planned expenditure in 2018/19 and future years, the Council forecasts the following use of funding for capital (table 11).

**Table 11**

<b>Funding Source</b>	<b>Brought forward (at 31/3/18)</b>	<b>Forecast expenditure and funding sources (£000)</b>						
		<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25 to 2028/29</b>
Capital Expenditure		7,211	8,213	962	379	549	1,200	2,695
Less: Set-aside receipts used	10,252	5,920	4,332	0	0	0	0	0
Less: Capital receipts used	3,090	572	2,507	675	379	549	1,200	2,395
Less: Grant funding used		300	763	0	0	0	0	300
Less: S106 receipts used		146	468	37	0	0	0	0
Less: Funding from revenue		0	0	0	0	0	0	0
Less: Other Capital Contributions		273	143	250	0	0	0	0
<b>Borrowing requirement</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



**Definitions:**

Capital receipts- money received from the sale of surplus assets.

Set-aside receipts- previously money generated from the sale of surplus assets was not defined as capital receipt. The residual funding that the Council has (which is mainly from the sale of its housing stock to North Herts Homes) is treated as a set-aside receipt. In essence these are treated in the same way as capital receipts.

The borrowing requirement is the balancing item. It is also known as the Capital Financing Requirement (CFR). This is a Prudential Indicator and the Council is required to set a target for it and monitor against it during the year.

**Prudential Indicator 2: Capital Financing Requirement**

<b>Year</b>	<b>£m</b>
As at 31 <sup>st</sup> March 2018 (actual)	-10.3
As at 31 <sup>st</sup> March 2019 (forecast)	-4.4
As at 31 <sup>st</sup> March 2020 (forecast)	0
As at 31 <sup>st</sup> March 2021 (forecast)	0
As at 31 <sup>st</sup> March 2022 (forecast)	0
As at 31 <sup>st</sup> March 2023 (forecast)	0
As at 31 <sup>st</sup> March 2024 (forecast)	0

Based on the totals in tables 10 and 11, the Council is forecasting remaining capital receipts of up to £5m as at the end of the period up to 2028/29. However this is dependent on future capital requirements (particularly beyond 2023/24), the generation of capital receipts and future schemes for investment of capital to generate income.

Where the Council has a Capital Financing Requirement (i.e. the borrowing requirement is positive) then it:

- Must make a charge to revenue for a Minimum Revenue Provision.
- Can choose whether to borrow internally or externally.

## Part 4- Borrowing Strategy and Minimum Revenue Provision (MRP)

### Borrowing strategy

#### **Definitions:**

Internal Borrowing- Even when the Council has no capital reserves, it can borrow internally against its revenue balances and reserves. This uses the cash that is available and is different to funding capital from revenue. The Council is still required to have a Minimum Revenue Provision, but does not incur any external interest costs. Interest income from investing the revenue balances and reserves would be lost.

External Borrowing- Borrowing from a third party (e.g. Public Works Loans Board, a Local Authority or a financial institution). Interest costs would be incurred, as well as having to make a Minimum Revenue Provision.

Based on Prudential Indicator 2 (page 16) the Council has a Capital Financing Requirement of zero and therefore does not have a need to borrow.

If the Council had a borrowing requirement, then in order to determine whether to borrow internally or externally, it must consider the level of revenue reserves and provisions that it has, and when it expects that these will be spent. Forecasts of the revenue budget give the following estimates (table 12). These totals are also used in determining the cash that it has available for investment.

**Table 12**

Revenue balance	Brought forward (at 31/3/18)	Forecast balance at year end						
		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25 to 2028/29
General Fund <sup>1</sup>	7,403	7,055	7,055	6,664	6,408	6,469	6,469	6,469
Add back MRP	0	0	0	0	0	0	0	0
Revenue Reserves <sup>2</sup>	5,679	7,077	7,577	8,077	8,577	9,077	9,577	6,577
S106 balances	2,951	2,805	2,337	2,300	2,300	2,300	2,300	2,300
Provisions	1,252	1,252	1,252	1,252	1,252	1,252	1,252	1,252
Outstanding Debt	456	440	423	405	387	368	347	267
<b>Total</b>	<b>17,741</b>	<b>18,629</b>	<b>18,644</b>	<b>18,701</b>	<b>18,924</b>	<b>19,466</b>	<b>19,945</b>	<b>16,865</b>

1 Based on General Fund forecasts as per 'Revenue Budget 2019/20' report up to 2022/23, then assumed that net expenditure and funding will match.

2 Revenue Reserve balance as at 31/3/19 as per 'Revenue Budget 2019/20' report. Then increases in line with contributions to waste vehicle reserve at £500k per year for 7 years. At end of 7 years assumed that this funding will be used to fund new waste vehicles.

MRP is added back as it is not an outflow of cash and can be used for internal borrowing. The cash outflow happens when the borrowing is repaid.

As well as the availability of revenue funding, the Council would also need to consider the advantages and disadvantages of external borrowing. Interest rates are still at very low levels and are only expected to go up, which will increase the cost of external borrowing in the future. It may also be possible to generate higher returns from investing revenue reserves than the interest costs that would be saved. However this has to be balanced against the certainty of interest costs that will

be incurred as soon as borrowing is taken out. There is also a need for the Council to retain a certain buffer of revenue reserves as cash to manage the peaks and troughs in its cash balances. Whilst the Council can borrow for short-term cash-flow needs, this can become expensive. Whatever strategy is adopted, it should be prudent.

As the Council has no borrowing requirement, table 13 below just shows no new borrowing.

**Table 13**

	Brought forward (at 31/3/18)	Forecast amount of borrowing in year (£000)							Carried forward (at 31/3/29)
		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25 to 2028/29	
Total borrowing requirement	456	0	0	0	0	0	0	0	0
Made up of:									
Internal borrowing	0	0	0	0	0	0	0	0	0
External borrowing	456	0	0	0	0	0	0	0	265

The brought forward borrowing total is made up of historic borrowing that it is not cost effective to pay off. This is because the interest that would be payable over the course of the remaining loan has to be paid upfront instead. The reduction is due to these being loans that are repaid in instalments.

**Definitions:**

Operational Boundary: This is the limit beyond which external debt is not normally expected to exceed.

Authorised Limit: This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

**Prudential Indicator 3: External Debt**

<b>Year</b>	<b>Forecast Borrowing £m</b>	<b>Forecast other long-term liabilities<sup>1</sup> £m</b>	<b>Forecast Total External Debt £m</b>	<b>Operational Boundary £m</b>	<b>Authorised Limit £m</b>
As at 31 <sup>st</sup> March 2018 (actual)	0.456	0.131	0.587	Set by previous strategy	
As at 31 <sup>st</sup> March 2019 (forecast)	0.440	2.628	3.068	4.1	10
As at 31 <sup>st</sup> March 2020 (forecast)	0.423	2.125	2.548	3.6	9
As at 31 <sup>st</sup> March 2021 (forecast)	0.405	1.622	2.027	3.1	9
As at 31 <sup>st</sup> March 2022 (forecast)	0.387	1.119	1.506	2.6	8
As at 31 <sup>st</sup> March 2023 (forecast)	0.367	0.616	0.983	2.0	7
As at 31 <sup>st</sup> March 2024 (forecast)	0.347	0.113	0.460	1.5	7

1 Comprises the finance lease relating to Letchworth Multi-storey car park and the forecast impact of the finance lease for waste vehicles.

The external borrowing forecast can be used to give an indication of the borrowing that may be required, which is combined with outstanding existing borrowing (table 14). The Council will also borrow for short-term cash-flow needs if required. The actual borrowing that is taken out will depend on the latest forecasts and the offers that are available at the time that it is required. There will also be a consideration of when any other borrowing becomes due, with the aim of achieving a spread of these dates. This is to try and avoid refinancing risk. The Council is required to set indicators for the maturity structure of its borrowing. Given the low level of borrowing that the Council currently has and is forecast to have, it is considered appropriate to maintain full flexibility as to the exact duration of any borrowing undertaken. This is reflected in the indicators set out as Treasury Indicator 4 below.

**Table 14**

Loan Type	Start date	Duration (years)	Maturity date	Amount Borrowed (£)	Balance Outstanding 31/03/19 (£)	Interest Rate (actual or forecast) (%)	Current Annual interest cost (£)
PWLB	08/01/49	80	Oct 2025	5,346	1,138	3.125	34
	16/09/49	80	Jul 2029	380	50	3.0	1
	10/05/46	80	Jan 2026	10,150	2,065	3.125	62
	12/11/48	80	Jul 2028	13,885	3,769	3.0	110
	23/09/60	60	Jul 2020	4,570	406	6.125	21
	18/08/61	60	Jul 2021	13,817	2,218	7.0	141
	28/07/64	60	Jul 2024	15,801	4,516	6.0	260
	02/03/65	60	Jan 2025	19,558	6,013	6.0	348
	01/10/65	60	Jul 2025	33,976	11,161	6.0	648
	05/07/66	60	Jan 2026	35,000	12,212	6.0	711
	02/08/66	60	Jul 2026	50,000	18,437	6.0	1,076
	18/03/68	60	Jan 2028	40,000	19,407	7.375	1,403
	03/01/69	60	Jul 2028	53,027	28,381	8.125	2,265
	06/03/70	60	Jan 2030	20,100	12,334	8.75	1,064
	24/11/70	60	Jul 2030	18,714	12,325	9.5	1,156
	26/01/71	60	Jan 2031	25,000	17,076	9.75	1,646
	05/03/71	60	Jan 2031	12,500	8,309	9.25	760
	05/03/71	60	Jan 2031	25,000	16,623	9.25	1,520
	31/05/46	80	Jan 2026	9,570	2,038	3.125	62
	28/02/47	80	Jan 2027	5,832	1,219	2.5	30
	18/10/46	80	Jul 2026	1,527	301	2.5	7
	20/02/48	80	Jan 2028	14,952	3,873	3.0	113
	22/09/50	80	Jul 2030	654	209	3.0	6
	27/08/82	60	Jul 2042	250,000	250,000	11.5	28,750
	07/12/45	80	Sep 2025	1,500	300	3.125	9
	16/09/49	80	Sep 2029	640	190	3.0	6
	20/03/53	80	Mar 2033	1,020	464	4.125	19
	23/10/53	80	Sep 2033	750	335	4.0	13
	20/11/53	80	Sep 2033	420	191	4.0	8
	25/04/52	80	Mar 2032	480	209	4.25	9
30/01/48	80	Sep 2027	1,560	385	3.0	11	
29/06/40	80	Mar 2020	715	29	4.0	1	
20/09/45	80	Sep 2025	16,690	3,536	3.125	111	
<b>Total</b>					<b>439,717</b>		

**Definitions:**

Refinancing Risk (or Maturity Risk): The risk that if all borrowing becomes due for repayment at the same time that this will be at a time when the costs out taking out new borrowing (refinancing) are very high.

To manage refinancing risk, the Council sets limits on the maturity structure of its borrowing. However these indicators are set relatively high to provide sufficient flexibility to respond to opportunities to repay or take out new debt (if it was required), while

remaining within the parameters set by the indicators. Due to the low level of existing borrowing, the under 12 months limits have a broad range to allow for cash-flow borrowing (if it was required).

#### Treasury Indicator 4: Maturity Structure of Fixed Interest Rate Borrowing

Maturity period	Lower %	Upper %
Under 12 months	0	100
12 months to 2 years	0	50
2 years to 5 years	0	60
5 years to 10 years	0	70
10 years to 20 years	0	80
20 years and above	0	100

The Council does not place any restrictions on where it can borrow from. This is because the Council will hold the money and therefore there is not a risk around the security of the funds. In practice any borrowing is likely to come from the Public Works Loan Board, UK banks, UK building societies and other Local Authorities. All borrowing will be denominated in GBP Sterling. The decision on any borrowing will be made by the Chief Finance Officer, and reflect the advice of the Council's treasury advisers.

The Council can enter in to borrowing arrangements at both fixed and variable rates. Variable rate borrowing has a greater risk and so therefore Treasury Indicator 5 limits the amount of borrowing that can be at a variable rate. To aid administration and monitoring, the limits are shown as £ values but are based on percentages of the Operational Boundary. Borrowing at fixed rates can be up to 100% (inclusive) of the Boundary, and variable rate borrowing can be up to 30% of the Boundary.

#### Definitions:

**Fixed Rate:** The rate of interest is set at the point the borrowing is taken out and remains at the same percentage rate for the full term of the loan.

**Variable Rate:** The rate of interest varies during the term of the loan and usually tracks prescribed indicator rate (e.g. Bank of England base rate)

#### Treasury Indicator 5: Fixed and Variable Borrowing Rate Exposure

Year	Operational Boundary relating to borrowing excluding long term liabilities £m	Limit on Fixed Rate borrowing £m	Limit on Variable Rate borrowing £m
2019/20	1.5	1.5	0.5
2020/21	1.5	1.5	0.5
2021/22	1.4	1.4	0.5
2022/23	1.4	1.4	0.5
2023/24	1.4	1.4	0.5
2023/24	1	1	0.3

There is a requirement for the Council to consider the proportionality of the income that it generates from its non-service (investment) assets and how this compares to any borrowing that is linked to those assets. Current and planned investment assets were detailed in table 3 and table 8. Treasury indicator 6 shows the capital value and expected income from these assets, alongside any borrowing that is attached to those assets and the expected cost of that borrowing.

**Treasury Indicator 6: Income from investment assets and the costs of associated borrowing**

Year	Capital value of investment assets £m	Expected annual income from investment assets £m	Loans linked to investment assets £m	Expected annual borrowing costs for loans linked to investment assets £m
2019/20	20.710	1.089	0	0
2020/21	20.710	1.139	0	0
2021/22	20.710	1.189	0	0
2022/23	20.710	1.189	0	0
2023/24	20.710	1.189	0	0

The Council would not borrow money at a low rate to try and reinvest that money to earn a higher interest rate, and profit from the margin between the two rates. However, the new waste contract requires the use of vehicles that are provided by the contractor. The Council has taken the view that it receives the risks and rewards of those vehicle assets. Under accounting regulations it is therefore required to treat this as a finance lease embedded within the contract. This requires the Council to recognise the vehicle assets as belonging to it, alongside a liability. The liability is effectively repaid through the contract sums over the seven years of the contract.

The extended definition of borrowing in advance of need now covers borrowing for capital investments where they are acquired purely to generate profit. The only instance where this could apply is the purchase of housing for renting at market rates. However this has been in the capital programme for a few years and is funded from capital receipts, so is not subject to this restriction.

If the Council did want to use borrowing to fund capital investment for a profit, then this can be done if it is fully explained as part of this capital strategy.

Minimum Revenue Provision

When the Council has a Capital Financing Requirement (CFR) it is required to make a charge to the General Fund (revenue budget) called a Minimum Revenue Provision (MRP). Subject to guidelines, the Council sets its MRP policy, which is detailed below:

**Minimum Revenue Provision:**

The Council is required to have a Minimum Revenue Provision (MRP) policy, and when required make charges to revenue in accordance with that policy.

The Council will use the asset life method. The MRP amount will be spread over the estimated life of the assets, in accordance with the regulations. The Council will apply one of the two approaches below based on the project(s) that the borrowing is used for and the benefits derived from the project(s).

- Equal instalments – The principal repayment made is the same each year.
- Or
- Annuity – the principal repayments increase over the life of the asset. This has the advantage of linking MRP to the benefits arising from capital expenditure, where these benefits are expected to increase over the life of the asset.

The Council does not have a need to borrow, so therefore does not currently need to apply a Minimum Revenue Provision (MRP).

There is a prudential indicator that compares the net cost of financing (i.e. borrowing costs less income generated from investments) with the net revenue budget of the Council. This will be looked at later in this document after considering investments and their forecast returns. However the indicator below considers the cost of borrowing as a % of the net revenue budget of the Council.

**Treasury Indicator 7: Cost of borrowing (interest and MRP) as a % of the net revenue budget 2019/20 to 2023/24**

Year	Estimated cost of borrowing (£m)	Forecast net revenue budget (£m)	Estimated cost of borrowing as a % of net revenue budget (%)
2019/20	0.042	15.136	0.28
2020/21	0.041	14.808	0.28
2021/22	0.040	14.911	0.27
2022/23	0.039	15.021	0.26
2023/24	0.037	15.021	0.25



## Part 5- Investment Strategy

Based on the assumptions above the following available investment balances are assumed. This includes a forecast of revenue reserves, capital reserves, capital financing requirement and external borrowing (table 15).

**Table 15**

Balances	Brought forward (at 31/3/18)	Forecast balance at year end (£000)					
		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Revenue balances (including MRP added back)	17,741	18,629	18,644	18,701	18,924	19,466	19,945
Capital Receipts	3,090	2,627	5,070	7,395	9,266	8,717	7,517
Capital Grants Unapplied	954	954	954	954	954	954	954
Add: Long-term liabilities <sup>1</sup>	131	2,628	2,125	1,622	1,119	616	113
Less: Capital Financing Requirement	-10,315	-4,935	-63	-63	-63	-63	-63
Add: External Borrowing taken out	0	0	0	0	0	0	0
Less: Borrowing repayments	25	16	17	18	18	19	21
<b>Total forecast of available for investment</b>	<b>32,206</b>	<b>29,757</b>	<b>26,839</b>	<b>28,717</b>	<b>30,308</b>	<b>29,797</b>	<b>28,571</b>

1 The net position of money owed by the Council or to the Council can lead to increased or decreased cash available for investment. The short-term position is assumed to be net zero. Long-term liabilities are included as the expenditure has been assumed to have been incurred, but the cash has not yet been paid. This primarily relates to the waste vehicles.

The Council needs to consider the following in determining how long it will invest any surplus cash for:

- The period that any particular cash balance is available for. If a balance is expected to be available over a long period then it is possible to invest it over a long period.
- How much might be required to cover short term variations in cash. For example, it could be forecast that the cash at the start and end of the month will be the same. But if there is a need to pay out half that cash at the start of the month before getting an equivalent amount just before the end, then there is a need to plan.
- The risk of investing for longer periods as it increases the chance that the counterparty could have financial problems and therefore not pay back the principal invested and/ or the interest due.
- The risk of investing for longer periods as it could lead to a lost opportunity. If the investment is at a fixed rate and then there is a general rise in rates available (e.g. due to an unexpected Bank of England base rate rise) then it would not be possible to take advantage of the new improved rates until the investment matures.

Before considering where the Council will invest any surplus cash in treasury investments, it firstly needs to consider any loans that it may want to make for other purposes. A local authority can choose to make loans to local enterprises, local charities, wholly owned companies and joint ventures. These loans can relate to service provision or to promote local economic growth. These loans may not seem prudent when considered purely in relation to security and liquidity. Table 16 details current and planned loans and shows the reasons for these loans, how their value is proportionate, the risk of loss and credit control arrangements that are in place.

**Table 16**

<b>Loan</b>	<b>Amount (£000)</b>	<b>Reason for Loan</b>	<b>Proportionality of value</b>	<b>Expected Credit Loss model and credit control</b>
Building Control	107	To support the formation of the company. The Council is also a shareholder in the company, owning 1/7 <sup>th</sup> of the shares.	Insignificant in the context of overall cash balances. Around 0.3% of total investments.	Regular monitoring of financial forecasts and business plans. The continuation of the company to provide Building Control services is more significant than the value of the loan.
Wholly owned Property Company	Tbc, up to £3m	To provide the company with finances to purchase and develop property assets. These properties will then be let or sold to generate income and profit.	Based on investment limits in table 17 below, it could be the equivalent of one investment in a bank or building society.	Any loan would be secured against the property assets of the company. Expected credit loss would be looked at in more detail in advance of any loans being granted, and linked to the planned use of those funds.

When the Council invests its surplus cash it seeks to find reliable counterparties to ensure that the amount invested (and the interest earned) is returned. The Council has decided that it is prepared to take on a higher level of risk than recommended by its treasury advisers in relation to unrated Building Societies and the duration of its investments. This risk is mitigated by reviewing published information in relation to unrated Building Societies (i.e. "Pillar 3" reports and reports by accountancy firm KPMG). Whilst the Council is fairly highly exposed to Building Societies, it is aiming to rebalance this exposure over time and make greater use of other investment types.

The following criteria are used to determine the list of counterparties:

- UK Local Authorities- as they are able to raise additional funds from taxation
- UK Government- Debt Management Office provides highly liquid investments at the lowest risk as backed by the UK Government
- UK Banks and Building Societies with a Fitch Credit rating of BBB (long-term)/ F3 (short-term) or greater- as they have been subject to UK 'stress tests' and also have a high credit rating
- Part-nationalised UK banks- as they have been subject to UK 'stress tests' and the UK government has an increased interest in not allowing them to fail.
- The Council's own banker (Lloyds) that it uses for transactional purposes. Although if its credit rating falls below BBB then any balances will be kept to a minimum (i.e. for cashflow purposes only)
- Non-UK banks with a UK subsidiary that have a Fitch Credit rating of BBB (long-term)/ F3 (short-term) or greater, and are subject to the same stress tests as UK banks
- Non-UK banks where the Country has a AAA rating and the institution has a AA-and above rating.
- Unrated UK Building Societies- as organisations have to pay to obtain a rating; most Building Societies do not get one. They do produce annual reports known as Pillar 3 reports, and these will be used to assess their credit worthiness. Furthermore the Council will only invest in Building Societies that have assets of at least £300m, which limits the potential exposure.
- Money Market funds that are AAA rated.
- Property funds that hold property within the UK.

All investments will be denominated in Sterling.

The Council will seek to appropriately diversify its investments across a range of types and counterparties. This means that if there were any security or liquidity issues with a particular type of investment or counterparty, the Council would still have access to the majority of its funds. The limits are initially based on a percentage of total funds, but are converted to actual values to make the administration of investments more efficient. The values are calculated by applying the percentages to the expected balance at the end of the year (2019/20) and then rounded up to the nearest £1m. If these limits are set too low then it limits the investment opportunities available and also increases the administration as there is then a need to find more places to invest available funds. The limits are shown in table 17 below.

**Table 17**

Investment Type	Maximum amount in that type of investment (£m)	Maximum amount in group (£m)	Maximum amount with any individual counterparty (£m)	Rationale and details
Debt Management Office (UK Government)	No limit			Short-term investment with UK Government that is therefore the lowest possible risk
UK Local Authorities	No limit	n/a	3	10% with any one counterparty, no limit on total with Local Authorities due to tax raising powers
UK Banks and UK subsidiaries of foreign banks that are subject to the same stress tests as UK banks (excluding Lloyds current account)- includes Deposits and Certificates of Deposit	22	5	3	Rating F3 or above (short-term) or BBB or above (long-term) and part nationalised banks. 10% with any one counterparty, 15% with institutions in the same banking group, 75% with banks in total
Lloyds Current Account		n/a	5	Used for cashflow purposes
Non-UK banks- includes deposits and Certificates of deposit		8	3	AAA Country rating and AA-and above institution rating. Maximum of 10% with any one counterparty. Maximum of 25% in non-UK banks. 75% in banks in total.
UK Building Societies- assets of £300m to £1bn	n/a	18	2	Review of Pillar 3 reports and KPMG report on comparative profits. 10% with any one counterparty subject to maximum of £2m. Maximum of 60% with UK Building Societies and Property Funds combined.
UK Building Societies- assets of over £1bn			3	As above, but £3million
Rated UK Building Societies			3	Rating F3 or above (short-term) or BBB or above (long-term). 10% with any one counterparty.
UK Property Funds			8	25% in any one fund or combination of funds. Maximum of 60% in Property Funds and Building Societies combined. No durational limits.
Money Market Funds	8	n/a	3	AAA rated. Maximum of 25% in MMFs and 10% with any one fund.

The Council will primarily limit its liquidity risk by only investing money until it thinks it will next need it. On top of this it will also have a general limit on investments that are greater than 1 year (365 days). This limit is based on 40% of total investments, but is again reflected as an absolute value of **£12m**, which is based on 40% of the expected level of investments at the end of the year.

Investments with a set term of greater than 2 years will be subject to approval by the Chief Finance Officer, which will include a consideration of how much the investment will be as a percentage of total funds at the date it matures. It will be ensured that this is less than 40% of the estimated balance. No investment term will exceed 5 years.

Investment funds (money market funds and property funds) do not have a set term and funds can be requested to be withdrawn at any time. Investment balances will be kept under review to ensure that they do not exceed the maximum amount set by this or subsequent treasury strategies. However there is no time limit on the period that funds can be held invested for. For property funds there are both up-front set up and exit costs. Furthermore, the capital value of these funds also fluctuates over time. So whilst in general it is possible to exit these funds at any time, there are likely to be more optimum times to do so. Therefore it is expected that the period of investment could exceed 5 years.

In general the Council will access treasury deals directly, rather than using a cash manager. In the current market, the Council is able to get the same (or very similar) rates as a cash manager and this therefore avoids the fees charged by the cash manager. However the Council will use a cash manager (Tradition) where it provides access to a better investment rate after accounting for the fees. As the actual investment will be with a counterparty, the Council will not set any limits on the number or value of deals that are accessed via Tradition.

Where the Council makes use of credit ratings these will be assessed immediately prior to placing an investment. The Council then receives alerts whenever ratings change and will monitor these alerts to see if an investment has fallen below the minimum criteria. For fixed term investments, it generally will not be possible to do anything in relation to a rating change. Although for a significant drop, enquiries will be made as to the exit costs involved. If these are not significant then the Council will end the investment early. For open term investments, the Council will seek to disinvest, although it will consider any exit costs (e.g. in relation to property funds).

The Council maintains a treasury risk on its risk register.

There is some link between the interest rates that the Council can expect to achieve on its investments and the Bank of England base rate. Our treasury advisors (Link) have provided the following forecasts of base rates over the next 5 years. Using this and the investment limits above, we have estimated an average interest rate that the Council will achieve on its investments in each year.

**Table 18**

<b>Year</b>	<b>Forecast of Bank of England Base Rate as at end of the year (%)</b>	<b>Forecast of average interest earned on investments (%)</b>
2018/19	0.75	
2019/20	1.25	1.20
2020/21	2.00	1.50
2021/22	2.00	1.75
2022/23	2.00	1.75
2023/24	2.25	2.00

Combining these average interest rates with expected balances, gives a forecast of the interest that will be earned in each year.

**Table 19**

	2019/20	2020/21	2021/22	2022/23	2023/24
Forecast of average balance available for investment (£m)	28.3	27.8	29.5	30.05	29.2
Forecast of average interest earned on investments (%)	1.2	1.5	1.75	1.75	2.0
Forecast of interest earned (£m)*	0.340	0.417	0.516	0.526	0.584
Current interest assumed in the revenue budget.	0.300	0.167	0.167	0.167	0.167

\*Due to current economic uncertainty interest estimates in the revenue budget are lower than those forecast from multiplying the average balance by forecast interest rates. These will be reassessed each year.

The Council is required to set a prudential indicator that estimates financing costs (cost of borrowing less income from investments) as a percentage of its net revenue budget.

**Prudential Indicator 8: Forecast of Financing Costs as a percentage of net revenue budget**

Year	Cost of borrowing £m	Less: Forecast of interest earned £m	Net Financing costs £m	Net Revenue Budget £m	Financing Costs as a % of Net Revenue Budget £m
2019/20	0.042	0.340	-0.298	15.136	-1.969
2020/21	0.041	0.417	-0.376	14.808	-2.539
2021/22	0.040	0.516	-0.476	14.911	-3.192
2022/23	0.039	0.526	-0.487	15.021	-3.242
2023/24	0.037	0.584	-0.547	15.021	-3.642

## **Part 6- Overall Risk Considerations**

The risk exposures for each of the elements of this strategy are generally independent, and therefore can be considered in isolation.

The Council's investments assets generally comprise of ground leases on commercial properties that are all within North Hertfordshire. The main exception to this is the freehold of the Churchgate Shopping Centre in Hitchin. A property fund generally invests in building (and land) assets that provide higher yields, and also diversifies across the United Kingdom. They also currently tend to focus on industrial, warehouses and office buildings. This means that there is limited cross-over in risk exposure, and before investing in a property fund (current investments are zero) the Council would review the current investments of the selected fund. Furthermore this strategy limits any investment in a property fund to a maximum of £8m.

The capital programme includes an allocation of £3m for investments in market housing within North Hertfordshire. This will expose the Council to a similar risk to Building Society investments, in that they will both be influenced by the UK housing market. This is part of the rationale for reducing the amounts that can be invested in Building Societies. In general, Building Societies will have a much more diversified risk exposure e.g. by location and number of properties.

## Part 7- Glossary

A number of definitions are included in the strategy when they are first referenced. These are not duplicated here. This part provides list of other terms used in this report, as well as those used in the statutory guidance.

**Borrowing-** a written or oral agreement where the Council temporarily receives cash from a third party (e.g. a Bank, the Public Works Loan Board or another Local Authority) and promises to return it according to the terms of the agreement, normally with interest.

**Investment:** This covers all of the financial assets of the Council as well as other non-financial assets that the Council holds primarily or partially to generate a profit; for example, investment property portfolios. This will include investments that are not managed as part of normal treasury management processes or under treasury management delegations. Furthermore, it also covers loans made by the Council to one of its wholly-owned companies or associates, to a joint venture, or to a third party. The term does not include pension funds or trust fund investments, which are subject to separate regulatory regimes.

Within this strategy, the term investment is used in the following contexts:

- Capital investment- expenditure to acquire or improve a capital asset.
- Investment properties- assets that are held for the purpose of generating an income.
- Cash/ treasury investments- the cash that the Council has, which is made up of revenue reserves, capital reserves and the effects of cashflow timings. These amounts are invested to manage the risks of holding cash and to generate investment income.

**Financial investments:** These are made up of Cash/ Treasury investments and loans. This term is defined within the statutory guidance (as specified investments, loans and unspecified investments) but has not been directly used in this strategy. Part 5 of the Strategy is focused on these investments.

**Specified Investment:** These are essentially short-term Cash/ Treasury investments. To be a specified investment, it needs to meet the following criteria:

- The investment is denominated in sterling and any payments or repayments in the respect of the investment are payable only in sterling.
- The investment is not a long term investment. This means that the local authority has contractual right to repayment within 12 months, either because that is the expiry term of the investment or through a non-conditional option.
- It is not capital expenditure.
- The investment is considered to be high quality or is with the UK Government , another Local Authority or a Parish/ Community Council.

**High Quality investment:** These are investments (specified and non-specified) which are assessed on the priority basis of security, liquidity and yield. Where relevant they make use of relevant additional information, such as credit ratings. The investments set out in part 5 are considered by the Council to be 'high quality'.

- The investment is denominated in sterling and any payments or repayments in the respect of the investment are payable only in sterling.
- The investment is a long term investment. This means that the local authority has contractual right to repayment in greater than 12 months.
- It is not capital expenditure.



- The investment is considered to be high quality or is with the UK Government , another Local Authority or a Parish/ Community Council.

**Unspecified investment:** In the statutory guidance, these are financial assets that are not specified investments or loans. This creates a circular definition. The Council considers that they meet the following definition:

**Loan:** a written or oral agreement where the Council temporarily transfers cash to a third party, joint venture, subsidiary or associate who promises to return it according to the terms of the agreement, normally with interest. This definition does not include a loan to another local authority, which is classified as a specified investment. The Council will meet the following conditions when providing such loans:

- Total financial exposure to these type of loans is proportionate;
- An allowed “expected credit loss” model has been used as set out in Accounting Standards
- Appropriate credit control arrangements are in place to recover overdue repayments in place; and
- The total level of loans by type is in accordance with the limits set out in this Strategy.

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Priority	2018/19 Estimate £	2019/20 Estimate £	2020/21 Estimate £	2021/22 Estimate £	2022/23 Estimate £	2023/24 Estimate £	2024/25 - 28/29 Estimate £
<b>Advances &amp; Cash Incentives</b>							
John Barker Place, Hitchin	0	1,096,000	0	0	0	0	0
<b>Advances &amp; Cash Incentives Total</b>	<b>0</b>	<b>1,096,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Asset Management</b>							
Storage Facilities	50,000	0	0	0	0	0	0
Provide housing at market rents.	500,000	2,500,000	0	0	0	0	0
Council property improvements following condition surveys	100,000	255,000	255,000	255,000	0	0	500,000
Energy efficiency measures	8,500	0	0	0	0	0	0
<b>Asset Management Total</b>	<b>658,500</b>	<b>2,755,000</b>	<b>255,000</b>	<b>255,000</b>	<b>0</b>	<b>0</b>	<b>500,000</b>
<b>Community Services</b>							
Baldock Town Hall project	9,000	66,300	0	0	0	0	0
Refurbishment and improvement of community facilities	378,500	542,100	120,000	0	0	0	0
S106 Projects	60,000	128,800	0	0	0	0	0
<b>Community Services Total</b>	<b>447,500</b>	<b>737,200</b>	<b>120,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Computer Software and Equipment</b>							
40 KVA UPS Device or Battery Replacement	0	7,000	0	0	0	0	30,000
Additional PC's - Support Home Working/OAP	0	13,000	0	0	0	0	90,000
Additional Storage	12,000	13,000	0	0	0	0	28,000
Alternative to safeword tokens for staff/members working remotely	0	8,000	0	0	0	0	0
Back-up Diesel 40 KVA Generator (DCO)	0	20,000	0	0	0	0	72,500
Back-up Storage	0	0	0	0	0	0	42,000
Cabinet Switches - 4 Floors	0	0	0	18,000	0	0	0
Cadcorp Local Knowledge & Notice Board Software	13,500	0	0	0	0	0	0
Channel shift - processing of housing register applications	40,000	0	0	0	0	0	0
Core Backbone Switch	0	20,000	0	0	0	0	60,000
Customer Self Serve Module	3,000	0	0	0	0	0	0
Cyber Attacks - Events Monitoring Software Solution	30,000	0	0	0	0	0	0
Data Switch Upgrade	0	0	0	0	0	0	20,000
Dell Servers	0	65,000	0	0	0	0	75,000
DR Set-up	47,400	25,000	0	0	0	0	0
DR Hardware Refresh Inc UPS Battery Pk	0	0	0	0	0	0	60,000
EA Agreement (MS EA) TN agreed funded within 4571 Account	0	358,000	0	0	450,000	0	710,000
Email / Web Gateway with SPAM Filtering Software Solution - Licence 3 Year Contract	0	0	39,000	0	0	0	0
Email Encryption Software Solution	0	0	45,000	0	0	0	0
IT	0	0	0	0	0	0	0
Laptops - Refresh Programme	6,000	0	6,000	0	0	0	15,500
New Blade Enclosure	0	32,000	0	0	0	0	52,000
PC's - Refresh Programme	14,000	17,000	17,000	17,000	0	0	130,000
Recording of Council Meetings	80,800	0	0	0	0	0	0
Replacement SAN	0	110,000	0	0	0	0	120,000
Security - Firewalls	14,000	0	0	14,000	0	0	51,000
Security - Tokens, Encryption	0	0	0	0	0	0	50,000
Software for personalised bills and annual billing.	6,000	0	0	0	0	0	0
Tablets - Android Devices	10,000	14,000	12,000	15,000	0	0	89,000
Telephony system	10,600	0	0	0	0	0	0
<b>Computer Software and Equipment Total</b>	<b>287,300</b>	<b>702,000</b>	<b>119,000</b>	<b>64,000</b>	<b>450,000</b>	<b>0</b>	<b>1,695,000</b>
<b>Growth Fund Projects</b>							
Cycle Strategy implementation (GAF)	0	278,000	0	0	0	0	0
Green Infrastructure implementation (GAF)	0	185,000	0	0	0	0	0
Transport Plans implementation (GAF)	0	250,000	0	0	0	0	0
<b>Growth Fund Projects Total</b>	<b>0</b>	<b>713,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Leisure Facilities</b>							
Construction of pathway and roadway, Wilbury Hills Cemetery, Letchworth	35,000	0	0	0	0	0	0
Hitchin Outdoor Pool Showers and Toilets	101,200	0	0	0	0	0	0
Hitchin Swimming Centre Lift	84,300	0	0	0	0	0	0
Hitchin Swimming Pool Car Park extension	0	497,700	0	0	0	0	0
Relay concrete slabs that surround the Hitchin outdoor pool.	1,500	0	0	0	0	0	0
Letchworth Outdoor Pool safety surface	56,500	0	0	0	0	0	0
Letchworth Outdoor Pool Showers and Toilets	97,000	0	0	0	0	0	0
North Herts Leisure Centre Development	171,700	0	0	0	0	0	0
Decommissioning of Pavilions	120,000	0	0	0	0	0	0
Walsworth Common Pavilion - contribution to scheme	0	0	300,000	0	0	0	0
Bancroft Gardens Play Area	5,600	0	0	0	0	0	0
Bancroft Recreation Ground, Hitchin, Multi Use Games Area (MUGA)	0	170,000	0	0	0	0	0
Decommissioning of Play Areas	130,000	0	0	0	0	0	0
Norton Common Wheeled Sports improvements	26,900	0	0	0	0	0	0
Renew pathways at Bancroft Recreation Ground, Hitchin	23,100	0	0	0	0	0	0
Renovate play area Howard Park, Letchworth	0	0	75,000	0	0	0	0
Renovate play area King George V Recreation Ground, Hitchin	0	75,000	0	0	0	0	0
Renovate play area, District Park, Gt. Ashby	75,000	0	0	0	0	0	0
Replace items of play equipment Holroyd Cres, Baldock	0	0	10,000	0	0	0	0
Replace items of play equipment Wilbury Recreation Ground, Letchworth	0	10,000	0	0	0	0	0

Priority	2018/19 Estimate £	2019/20 Estimate £	2020/21 Estimate £	2021/22 Estimate £	2022/23 Estimate £	2023/24 Estimate £	2024/25 - 28/29 Estimate £
Replace items of play equipment, Chiltern Road, Baldock	10,000	0	0	0	0	0	0
Replacement of Walsworth Common Access Bridge	3,000	0	0	0	0	0	0
Walsworth Common Pitch Improvements	2,700	100,300	0	0	0	0	0
Walsworth Common Reconstruction of Car Park	30,000	0	0	0	0	0	0
Royston Leisure Centre extension	0	0	0	0	0	1,000,000	0
Hitchin & Royston Fitness Equipment	26,700	0	0	0	0	0	0
Hitchin & Letchworth Outdoor Pool Automatic Chemical Dosing Pumps	0	20,000	0	0	0	0	0
Ultra Violet water disinfection system	42,900	0	0	0	0	0	0
Leisure Condition Survey Enhancements	0	64,000	23,000	0	39,000	140,000	0
<b>Leisure Facilities Total</b>	<b>1,043,100</b>	<b>937,000</b>	<b>408,000</b>	<b>0</b>	<b>39,000</b>	<b>1,140,000</b>	<b>0</b>
<b>Museum &amp; Arts</b>							
Hitchin Town Hall Acoustic Panelling	0	30,000	0	0	0	0	0
Hitchin Town Hall Additional Bar Facility	0	15,000	0	0	0	0	0
Hitchin Town Hall Sprung Floor Replacement	0	75,000	0	0	0	0	0
NH Museum & Community Facility	105,900	0	0	0	0	0	0
Purchase of 14 & 15 Brand Street	550,000	0	0	0	0	0	0
<b>Museum &amp; Arts Total</b>	<b>655,900</b>	<b>120,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Parking</b>							
Hitchin Multi Storey Safety and Equalities Act improvements	0	39,300	0	0	0	0	0
Installation of trial on-street charging (GAF)	0	50,000	0	0	0	0	0
Lairage Multi-Storey Car Par - Structural wall repairs	4,000	120,000	0	0	0	0	0
Letchworth Multi_storey Car Park - parapet walls, soffit & decoration	0	137,600	0	0	0	0	0
Letchworth multi-storey car park - lighting	22,700	0	0	0	0	0	0
Off Street Car Parks resurfacing and enhancement	0	91,200	0	0	0	0	0
Parking	0	0	0	0	0	0	200,000
Refurbishment of lifts at Lairage Car Park	0	360,000	0	0	0	0	0
Replace and enhance lighting at St Mary's Car Park	0	60,000	0	0	0	0	0
Town Centre pay & display machines for on-street charging	0	235,000	0	0	0	0	0
<b>Parking Total</b>	<b>26,700</b>	<b>1,093,100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>200,000</b>
<b>Renovation &amp; Reinstatement Grant Expenditure</b>							
Mandatory Disabled Facility Grants	300,000	0	0	0	0	0	0
Private Sector Grants	60,000	60,000	60,000	60,000	60,000	60,000	300,000
<b>Renovation &amp; Reinstatement Grant Expenditure Total</b>	<b>360,000</b>	<b>60,000</b>	<b>60,000</b>	<b>60,000</b>	<b>60,000</b>	<b>60,000</b>	<b>300,000</b>
<b>Waste collection</b>							
Food Waste Caddies	132,000	0	0	0	0	0	0
Waste and Street Cleansing Vehicles	3,600,000	0	0	0	0	0	0
<b>Waste collection Total</b>	<b>3,732,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total</b>	<b>7,211,000</b>	<b>8,213,300</b>	<b>962,000</b>	<b>379,000</b>	<b>549,000</b>	<b>1,200,000</b>	<b>2,695,000</b>

Capital Investment Proposals

Ref No	Service	Responsible Service Director	Description of Proposal	Corporate Priority	Total Project Investment 2019/20 onwards	Total Anticipated Funding from Grants or Other Contributions	Proposed Investment in 2019/20	Proposed Investment in 2020/21	Proposed Investment in 2021/22	Proposed Investment in 2022/23	Proposed Investment in 2023/24	Revenue Implication	Anticipated Impact of Proposal (on Public/ Customers/ Staff/ Members/ Reputation/Revenue Budget etc)
					£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Projects and / or values highlighted in yellow indicate new proposals or proposed revision(s) to existing proposals. Revision to existing proposals are clarified in the accompanying commentary.													
<b>Invest To Save Proposals</b>													
ECP3	Estates	Service Director - Resources	Provide housing at market rents.	Prosper & Protect	2,500	-	2,500	0	0	0	0	tbc	This project follows on from the revenue investment proposal that explores the feasibility. This is an "invest to earn" proposal to utilise NHDC capital and land to generate revenue income. Under this scheme, the land and properties would remain in NHDC ownership. Phase 1 (as dealt with by the revenue investment bid): form investment mechanism to own houses built for market rent. Phase 2: identify appropriate partnership model to achieve build and/or purchase. Phase 3: contract with a property management company. Phase 4: acquire/build properties. Phase 5 (beyond scope of this bid): identify other sites where this model could be applied. Planned investment in 2018/19 of £2.850million.
<b>Sub-Total: Invest to Save:</b>					2,500	-	2,500	-	-	-	-	-	
<b>Other Asset Management</b>													
ECP4	Property Services	Service Director - Resources	Council property improvements following condition surveys	Attractive & Thriving	765	-	255	255	255	0	0	0	Condition surveys have been carried out on a substantial number of the Authority's premises (substantially consists of Community Centres and Pavilions). This bid relates to 29 of those premises which are not currently subject to separate plans or review. The surveys have identified necessary works within priority bands required to ensure the continued use of the premises and to maintain premises in a reasonable condition. Enhancement works of this nature will reduce reliance on reactive maintenance repairs. The level of 'backlog' maintenance is also proposed as a national performance indicator by Central Government. An amount of £150k was approved to undertake the urgent works in 2014/15, based upon surveys carried out to date. In following years a full 5 year programme will be applied, based upon completed condition surveys or the whole estate. this is complementary to the Community Halls strategy (CHS), although covers a larger number of properties than those subject to CHS, i.e., it puts in place funds to allow works to be done that may assist in progressing that strategy (e.g. full repairing/partial repair leases).  UPDATE CBP 2019/20: To help ensure that this project can be delivered in the timeframe estimated within the Capital Programme, it is requested that the £775k resource, originally earmarked entirely in 2019/20, instead be allotted over the next three years with an annual capital allocation of £255k (revised total investment of £765k).
<b>Sub-Total: Other Asset Management</b>					765	-	255	255	255	-	-	-	
<b>Grants to Third Parties</b>													
ECP1	Housing Services	Service Director - Regulatory	Private Sector Grants	Responsive & Efficient	240	-	60	60	60	60	60	0	HRAGs are a discretionary form of assistance specifically designed to provide practical help through a grant for small-scale works. This grant provides cash limited assistance up to £5K within any three-year period, for minor works for owner / occupiers and private tenants who meet certain criteria. HRAGs are means tested and help to eradicate CAT1 Hazards, such as excess cold. In February 2015 Council approved an increase in the level of funding from £35k to £60k per annum for 2015/6 and future years.  UPDATE 2019/20 CBP: Investment proposed to be extended to 2023/24
ECP5	Estates	Service Director - Resources	Refurbishment and improvement of community facilities	Responsive & Efficient	370	-	250	120	0	0	0	0	To provide a five year fund from 2016/17 towards the refurbishment and improvement of community facilities in both rural and urban areas of North Hertfordshire. £165k spend in 2017/18 and planned spend of £671k in 2018/19 means a total capital allocation of £1.206m
<b>Sub-Total: Grants to Third Parties</b>					610	-	310	180	60	60	60	-	

Page 281

Capital Investment Proposals

Ref No	Service	Responsible Service Director	Description of Proposal	Corporate Priority	Total Project Investment 2019/20 onwards	Total Anticipated Funding from Grants or Other Contributions	Proposed Investment in 2019/20	Proposed Investment in 2020/21	Proposed Investment in 2021/22	Proposed Investment in 2022/23	Proposed Investment in 2023/24	Revenue Implication	Anticipated Impact of Proposal (on Public/ Customers/ Staff/ Members/ Reputation/Revenue Budget etc)
					£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Parking Related Proposals</b>													
ECP6	Property Services	Service Director - Resources	Lairage Multi-Storey Car Par - Structural wall repairs	Attractive & Thriving	120	-	120	0	0	0	0	0	Works to preserve this income generating asset in usable condition. Works necessary to protect surface following experience at Letchworth multi-storey.
<b>Sub-Total: Parking</b>					120	-	120	-	-	-	-	-	
<b>Community and Cultural Related Proposals</b>													
NCP1	Hitchin Town Hall Community Facility	Service Director - Commercialisation	Hitchin Town Hall Acoustic Panelling	Prosper & Protect	30	-	30	0	0	0	0	0	There has been heavy criticism in local publications over the sound quality and acoustics at Hitchin Town Hall. A sound engineer has been brought in to advise on the cost of introducing some tasteful acoustic panelling, which would allow the hall to become a much more appropriate venue for spoken word events.
Page 282	Hitchin Town Hall Community Facility	Service Director - Commercialisation	Additional Bar Facility at Hitchin Town Hall	Prosper & Protect	15	-	15	0	0	0	0	0	Hitchin Town Hall can host up to 350 people in its main hall. The bar area however is very small and only has two fridges. Service can therefore be slow during busy events, with the lack of fridge space meaning drinks are often not chilled due to the high rate of turnover. Whilst the turnover of stock in the fridges is high, this is only in the context of the fridge space available. It is highly likely that a faster service and more adequate chilling of the products should result in higher sales. If the Council invested in a second bar on the other side of the hall, additional till systems and more fridge space, there is every likelihood that a higher return could be achieved. Although two bars will require more staff, it is expected that any increased outlay on staff would be offset by the return of higher income at the bars. If we wish to position the venue as a go-to live entertainment venue then this sort of investment is necessary.
	Hitchin Town Hall Community Facility	Service Director - Commercialisation	Hitchin Town Hall Sprung Floor Replacement	Prosper & Protect	75	-	75	0	0	0	0	0	It has been reported to the Council that the Sprung Floor in the Mountford Hall at Hitchin Town Hall is coming to the end of its life. The sprung floor is one of very few in the local area and is a selling point of the Town Hall (which is grade ii listed). In the meantime, we can attempt to prolong the life of the flooring through replacing boards as and when they are damaged and through regular waxing we can create a protective layer. However this will incur increased operational expenses and it is not clear how long this will extend the life of the floor for. Additional investigations are hoped to be carried out this financial year to gain a clearer understanding of the remaining lifespan for the current floor boards.
	<b>Sub-Total: Community and Cultural</b>					120	-	120	-	-	-	-	-
<b>Leisure Related Proposals</b>													
NCP4	Leisure Facilities	Service Director - Place	Hitchin and Letchworth Outdoor Pool Automatic Chemical Dosing Pumps	Attractive & Thriving	20	-	20	0	0	0	0	0	Introducing the automatic dosing system at the outdoor pools will ensure the same pool water control mechanisms as in operation at the indoor swimming pools.
NCP5	Leisure Facilities	Service Director - Place	Leisure Condition Survey Enhancements	Attractive & Thriving	126	-	64	23	0	39	140	0	A physical condition survey has been carried out at all four leisure facilities. The survey identified all works that are needed and/ or will become necessary over the next five financial years.

Capital Investment Proposals

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					£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
ECP29	Leisure Facilities	Service Director - Place	Royston Leisure Centre extension	Attractive & Thriving	-	-	0	0	0	0	1,000	0	To extend the front of the Royston Leisure Centre. This will provide a new multi functional room and increase the size of the fitness room. The gym membership at Royston Leisure Centre is close to capacity and a recent latent demand survey demonstrated there is a demand to increase the size of this facility. By undertaking the capital work the Council will renegotiate the Leisure Management contract and SLL will increase their management fee to the Council.  UPDATE 2019/20 CBP: Proposed to earmark this investment in 2023/24.
<b>Sub-Total: Leisure</b>					146	-	84	23	-	39	1,140	-	
<b>Green Space Strategy - Baldock</b>													
ECP22	Parks & Countryside Development	Service Director - Place	Replace items of play equipment Holroyd Cres, Baldock	Responsive & Efficient	10	-	0	10	0	0	0	0	Listed as a project for 2020/21 in the Council's adopted Green Space Management Strategy 2017 - 2021. Holroyd Cres is a large play area serving a large housing development. Some items of equipment have been identified as nearing end of life and in need of replacement.
<b>Sub-Total: Green Space Strategy - Baldock:</b>					10	-	-	10	-	-	-	-	
<b>Green Space Strategy - Hitchin</b>													
ECP14	Parks & Countryside Development	Service Director - Place	Renovate play area King George V Recreation Ground, Hitchin	Responsive & Efficient	75	-	75	0	0	0	0	0	Listed as a project for 2019/20 in the Council's adopted Green Space Management Strategy 2017 - 2021. The play area King George V Recreation Ground is one of the main neighbourhood play areas in Hitchin, serving a large housing estate. The play area is in need of refurbishment.
ECP25	Parks & Countryside Development	Service Director - Place	Walsworth Common Pavilion - contribution to scheme	Attractive & Thriving	300	287	0	300	0	0	0	0	This project was originally listed as a project for 2016/17 in the Council's adopted Green Space Management Strategy 2014 - 2019. The project was slipped into 2017/18 pending the outcome of the Green Space Strategy review. Following the review, this project is now earmarked for 2020/21 in the Council's adopted Green Space Management Strategy 2017 - 2021. The project is dependent on securing section 106 contributions and/or external grants. In the review, the pavilion was identified as being beyond economic repair.
<b>Sub-Total: Green Space Strategy - Hitchin:</b>					375	287	75	300	-	-	-	-	
<b>Green Space Strategy - Letchworth</b>													
ECP15	Parks & Countryside Development	Service Director - Place	Replace items of play equipment Wilbury Recreation Ground, Letchworth	Responsive & Efficient	10	-	10	0	0	0	0	0	Listed as a project for 2019/20 in the Council's adopted Green Space Management Strategy 2017 - 2021. The recreation ground has a good catchment area with a range of equipment for all ages. Some items of equipment are however nearing end of life and in need of replacement.
ECP21	Parks & Countryside Development	Service Director - Place	Renovate play area Howard Park, Letchworth	Responsive & Efficient	75	-	0	75	0	0	0	0	Listed as a project for 2020/21 in the Council's adopted Green Space Management Strategy 2017 - 2021. Situated in a town centre location, the high level of usage causes wear on equipment.
<b>Sub-Total: Green Space Strategy - Letchworth:</b>					85	-	10	75	-	-	-	-	
<b>IT Schemes:</b>													
ECP20	IT	Service Director - Customers	Core Backbone Switch	Responsive & Efficient	20	-	20	0	0	0	0	0	Dual processor switch, which links the virtual servers to the SAN.
ECP2	IT	Service Director - Customers	PC's - Refresh Programme	Responsive & Efficient	51	-	17	17	17	0	0	0	PC's identified as having reached their end of useful life as part of the annual refresh programme. The assets have been used well past their original end of life because of the introduction of the citrix thin client technology.

Page 283

Capital Investment Proposals

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					£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
ECP9	IT	Service Director - Customers	Tablets - Android Devices	Responsive & Efficient	41	-	14	12	15	0	0	0	As part of the IT Strategy and supporting the channel migration programme, the tablets are required to continue the roll-out to identified officers who would benefit from having mobile devices to be more efficient and productive. It is becoming increasingly important for those staff who are mobile working that they have the correct tools to view emails and documents whilst on the move.  UPDATE CBP 2019/20: To facilitate paperless Committee Meetings, it is requested that existing provision of £8k in each of the next three financial years be increased to £14k in 2019/20, £12K in 2020/2021 and £15K in 2021/2022.
ECP28	IT	Service Director - Customers	Security - Firewalls	Responsive & Efficient	14	-	0	0	14	0	0	0	Firewalls are one of the most important pieces of hardware between the NHDC Network and the outside world and it is this equipment that stops cyber attacks from penetrating NHDC systems and data. There is a need to ensure this hardware is kept as current and up to date as possible to ensure the Council's networks and data are kept secure.
ECP27	IT	Service Director - Customers	Cabinet Switches - 4 Floors	Responsive & Efficient	18	-	0	0	18	0	0	0	This hardware connects each floor across the DCO to each other and back to the IT Data Centre on the ground floor. This hardware is the essential piece of kit that routes the traffic from desktops to the data servers and hence keeping this technology up to date and modern is essential to ensure data speeds are maintained.
ECP10	IT	Service Director - Customers	Dell Servers	Responsive & Efficient	65	-	65	0	0	0	0	0	In 2015/16 the authority upgraded the Server Estate with 10 Physical high level Dell Servers which have 179 virtual servers running within them. The hardware has a 5 year shelf life before coming unsupported.
ECP11	IT	Service Director - Customers	New Blade Enclosure	Responsive & Efficient	32	-	32	0	0	0	0	0	The Blades are an integral part of the Servers and go hand in hand. These formed part of the hardware refresh programme in 2015/16 and have a shelf life of 5 years.
ECP12	IT	Service Director - Customers	Replacement SAN	Responsive & Efficient	110	-	110	0	0	0	0	0	The Storage Area Network (SAN) is used to compliment the data storage and backups across the infrastructure estate. These are a critical element of the data infrastructure network as they also move the data traffic around the servers. The authority replaced the current SAN in 2015/16 and the life of this hardware is 5 years.
ECP13	IT	Service Director - Customers	Back-up Diesel 40 KVA Generator (DCO)	Responsive & Efficient	20	-	20	0	0	0	0	0	As part of Business Continuity and improving services, the authority purchased a Diesel Generator in 2015/16. The operation life of this hardware is 5 years.
ECP16	IT	Service Director - Customers	40 KVA UPS Device or Battery Replacement	Responsive & Efficient	7	-	7	0	0	0	0	0	The operation life of the batteries within the UPS Systems is 3 years and they need to be replaced. The authority has got 3 40 KVA UPS Systems which have varying battery sizes installed.
ECP17	IT	Service Director - Customers	Additional PC's - Support Home Working/OAP	Responsive & Efficient	13	-	13	0	0	0	0	0	The authority has a large PC/Monitor estate which as part of the ICT Service Plan annual requires refreshing. In recent years Microsoft stopped supporting Windows XP and we are soon to be given notice of de-support on Windows 7.
ECP26	IT	Service Director - Customers	Laptops - Refresh Programme	Responsive & Efficient	6	-	0	6	0	0	0	0	Over the past 3 years IT have reduced the laptop estate from 149 devices down to only having 48 still in use. The small budget provision is to ensure we have funds to replace these devices when Windows 7 becomes de-supported or they have reached their end of life as part of the refresh programme.



Capital Investment Proposals

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					£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
ECP7	IT	Service Director - Customers	Additional Storage	Responsive & Efficient	13	-	13	0	0	0	0	0	As part of the day to day collection and storage of data within the Information@Works (I@W) which is the Corporate Document Management solution, the amount of data that is being scanned and captured via the Doc's on-line contract provided by Northgate is increasing by the day. There has been a huge push over the past year to work towards enabling every department to have access to I@W as this compliments Home Working.
ECP8	IT	Service Director - Customers	Disaster Recovery Set-up	Responsive & Efficient	25	-	25	0	0	0	0	0	Back in late 2016 NHDC launched its own Disaster Recovery Data Centre and this budget is requested to ensure we keep the hardware and security up to date to ensure it is fit for purpose and secure from cyber attacks.
ECP18	IT	Service Director - Customers	Alternative to safeword tokens for staff/members working remotely	Responsive & Efficient	8	-	8	0	0	0	0	0	The technology has changed considerably since we first starting using the Safeword Tokens 7-8 years ago. With the changes in personal technology such as Smart/IOS Phones there are now products on the market that are PSN approved for getting Access Keys delivered for 2 Layer Authentication such as Texts or App's on Smart Phones etc. This enables Members, Staff and Support Agencies to gain access to the remote login site from anywhere with no need to have a physical hardware device to hand
ECP19	IT	Service Director - Customers	Microsoft Enterprise Agreement	Responsive & Efficient	808	-	358	0	0	450	0	0	NHDC entered into a 3 year Contract for the use of Microsoft Licences for which 2018/19 represents year 3 of 3. There is the option within the contract to extend by a further 2 years. It is essential NHDC has the correct Microsoft Licences to ensure we do not fall foul of F.A.S.T (Fraud Against Software Threat) regulations.  UPDATE CBP 2019/20 : The option of extending the original 3 year contract by two years is no longer available. Microsoft are offering authorities, including NHDC, where their contract expires early next year, an early commitment price of £112k per annum in year 1 (£123k per annum in years 2 and 3), which includes all licences required to ensure there is no breach of any F.A.S.T rules. The new three year contract will still start from 1st April 2019. It is therefore requested that the capital provision in 2019/20 by increased by £158k to a total of £358k and that the original £450k capital allocation in 2021/22 now be earmarked in 2022/23.
ECP23	IT	Service Director - Customers	Email / Web Gateway with SPAM Filtering Software Solution - Licence 3 Year Contract	Responsive & Efficient	39	-	0	39	0	0	0	0	Replacement of the current Cygnia Web Filtering (Bloxx) Software Solution and Clearswift Email Secure Gateway Software Solution. This contract for the software licenses is due for renewal in July 2020.
ECP24	IT	Service Director - Customers	Email Encryption Software Solution	Responsive & Efficient	45	-	0	45	0	0	0	0	Replacement of the Egress Email Encryption Software Solution, which was on a 3 year contract. North Herts have been using the Egress Email Encryption solution to ensure any Data above the protective marker of restricted is encrypted before leaving the Email Exchange Solution. The current three year software contract expires on the 31 March 2020.
<b>Sub-Total: IT</b>					1,335	-	702	119	64	450	-	-	
<b>TOTAL</b>					6,066	287	4,176	962	379	549	1,200	0	

TOTAL CONSISTS OF:													
PROPOSALS ALREADY IN THE CAPITAL PROGRAMME:					5,800	287	3,972	939	379	510	1,060	0	
NEW PROPOSALS IN THE 2019/20 PROCESS					266	0	204	23	0	39	140	0	
Reprofiling reported to Cabinet in the 2nd Qrt monitoring report					0	0	4,037	0	0	0	0	0	
<b>TOTAL CONSISTS OF:</b>					<b>6,066</b>	<b>287</b>	<b>8,213</b>	<b>962</b>	<b>379</b>	<b>549</b>	<b>1,200</b>	<b>0</b>	

These totals exclude those capital projects planned to complete in 2018/19.

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