

Public Document Pack

15 March 2019

Our Ref HD/Cabinet/26.03.19
Your Ref.
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To: Members of the Cabinet:

Councillor Lynda Needham, Leader of the Council (Chairman)
Councillor Julian Cunningham, Executive Member for Finance and IT & Deputy Leader of the Council (Vice-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 Bernard Lovewell, Executive Member for Housing and Environmental Health

You are invited to attend a

MEETING OF THE CABINET

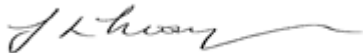
to be held in the

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

on

TUESDAY, 26TH MARCH, 2019 AT 7.30 PM

Yours sincerely,



Jeanette Thompson
Service Director – Legal and Community

Agenda **Part I**

Item	Page
1. APOLOGIES FOR ABSENCE	
2. MINUTES - 29 JANUARY 2019 To take as read and approve as a true record the minutes of the meeting of this Committee held on the 29 January 2019.	(Pages 5 - 12)
3. NOTIFICATION OF OTHER BUSINESS Members should notify the Chairman of other business which they wish to be discussed by the Cabinet at the end of either Part I or Part II business set out in the agenda. They must state the circumstances which they consider justify the business being considered as a matter of urgency. The Chairman will decide whether any item(s) raised will be considered.	
4. CHAIRMAN'S ANNOUNCEMENTS Members are reminded that any declarations of interest in respect of any business set out in the agenda, should be declared as either a Disclosable Pecuniary Interest or Declarable Interest and are required to notify the Chairman of the nature of any interest declared at the commencement of the relevant item on the agenda. Members declaring a Disclosable Pecuniary Interest must withdraw from the meeting for the duration of the item. Members declaring a Declarable Interest, wished to exercise a 'Councillor Speaking Right', must declare this at the same time as the interest, move to the public area before speaking to the item and then must leave the room before the debate and vote.	
5. PUBLIC PARTICIPATION To receive petitions, comments and questions from the public.	
6. ITEMS REFERRED FROM OTHER COMMITTEES Any Items referred from other committees will be circulated as soon as they are available.	
6.2 ITEM REFERRED FROM FINANCE, AUDIT AND RISK COMMITTEE: 21 MARCH 2019 - THIRD QUARTER REVENUE MONITORING 2018/19 This Referral will be published on 25 March 2019	13 - 14
6.3 ITEM REFERRED FROM FINANCE, AUDIT AND RISK COMMITTEE: 21 MARCH 2019 - THIRD QUARTER CAPITAL MONITORING 2018/19 This Referral will be published on 25 March 2019	15 - 16

- 6.4** ITEM REFERRED FROM FINANCE, AUDIT AND RISK COMMITTEE: 21 MARCH 2019 - TREASURY MANAGEMENT THIRD QUARTER
This Referral will be Published on 25 March 2019 17 - 18
- 7. STRATEGIC PLANNING MATTERS** (Pages 19 - 36)
REPORT OF THE SERVICE DIRECTOR- REGULATORY
- To inform Members of the current positions regarding:
- Other Local Plans and Examinations
 - North Hertfordshire Local Plan
 - Neighbourhood Plans
 - Government announcements
 - Strategic Planning
- 8. HOUSING GRANTS POLICY** (Pages 37 - 52)
REPORT OF THE SERVICE DIRECTOR – REGULATORY
- To consider and adopt a Housing Grants Policy 2019-2024 to replace the Council's existing Private Sector Housing Renewal Policy.
- 9. ADOPTION OF A NEW HOUSING STRATEGY** (Pages 53 - 116)
REPORT OF THE SERVICE DIRECTOR – REGULATORY
- To consider the adoption of a new Housing Strategy
- 10. PERFORMANCE MANAGEMENT MEASURES FOR 19/20** (Pages 117 - 124)
REPORT OF THE SERVICE DIRECTOR – RESOURCES
- To consider the Performance Management Measures for 2019/20
- 11. THIRD QUARTER REVENUE MONITORING 2018/19** (Pages 125 - 140)
REPORT OF THE OF THE SERVICE DIRECTOR – RESOURCES
- To inform Cabinet of the summary position on revenue income and expenditure forecasts for financial year 2018/19, as at the end of the third quarter.
- 12. THIRD QUARTER CAPITAL MONITORING 2018/19** (Pages 141 - 154)
REPORT OF THE SERVICE DIRECTOR - RESOURCES
- To update Cabinet on progress with delivering the capital programme for 2018/19, as at the end of December 2018, and indicating its impact upon the approved capital programme for 2019/20 - 2023/24.

- 13. TREASURY MANAGEMENT THIRD QUARTER 2018/19** (Pages
REPORT OF THE SERVICE DIRECTOR – RESOURCES 155 -
160)
- To inform Cabinet of the Treasury Management activities in the third quarter of 2018/19 to the end of December.
- 14. CHANGE TO THE STOCK TRANSFER AGREEMENT WITH SETTLE** (Pages
(NORTH HERTFORDSHIRE HOMES) 161 -
REPORT OF THE SERVICE DIRECTOR – COMMERCIAL AND SERVICE 168)
DIRECTOR – RESOURCES
- Settle (North Hertfordshire Homes) have approached the Council to seek a variation to the stock transfer agreement (of 2003) to allow for further borrowing against the transferred properties.
- 15. LAND ADJOINING 10 HILL VIEW, RUSHDEN, HERTFORDSHIRE, SG9** (Pages
OSL 169 -
REPORT OF THE SENIOR ESTATES SURVEYOR 174)
- To seek authority to dispose of District Council land adjoining 10 Hill View, Rushden.
- 16. EXCLUSION OF PRESS AND PUBLIC**
- To consider passing the following resolution:
- That under Section 100A(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Paragraphs 3 and 5 of Part 1 of Schedule 12A of the said Act.
- 17. CHANGE TO THE STOCK TRANSFER AGREEMENT WITH SETTLE** 175 -
(NORTH HERTFORDSHIRE HOMES) 178
REPORT OF THE SERVICE DIRECTOR – COMMERCIAL AND SERVICE
DIRECTOR - RESOURCES Settle (North Hertfordshire Homes) have
approached the Council to seek a variation to the stock transfer agreement
(of 2003) to allow for further borrowing against the transferred properties.
- 18. LAND ADJOINING 10 HILL VIEW, RUSHDEN, HERTFORDSHIRE, SG9** 179 -
OSL 186
REPORT OF THE SENIOR ESTATES SURVEYOR
- To seek authority to dispose of District Council land adjoining 10 Hill View, Rushden.

NORTH HERTFORDSHIRE DISTRICT COUNCIL

CABINET

MEETING HELD IN THE COUNCIL CHAMBER, COUNCIL OFFICES, GERON ROAD,
LETCWORTH GARDEN CITY ON TUESDAY, 29TH JANUARY, 2019 AT 7.30 PM

MINUTES

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

In Attendance: *Anthony Roche (Deputy Chief Executive), Ian Fullstone (Service Director – Regulatory), Ian Couper (Service Director – Resources) Melanie Stimpson, (Democratic Services Manager), Louise Symes (Strategic Infrastructure & Projects Manager) , Nigel Smith (Strategic Planning Manager) and Marie Lowe (Committee Services Officer)*

95 APOLOGIES FOR ABSENCE

Audio Recording – Start time of item - 16 seconds

There were no apologies for absence received from Councillors.

96 MINUTES - 20 NOVEMBER 2018

Audio Recording – Start time of Item - 22 seconds

RESOLVED: That the Minutes of the Meeting of the Cabinet held on 20 November 2018 be approved as a true record of the proceedings and be signed by the Chairman.

97 MINUTES - 10 DECEMBER 2018

Audio Recording – Start time of Item – 48 seconds

RESOLVED: That the Minutes of the Meeting of the Cabinet held on 10 December 2018 be approved as a true record of the proceedings and be signed by the Chairman.

98 MINUTES - 18 DECEMBER 2018

Audio Recording - Start time of Item – 1 minute 28 seconds

RESOLVED: That the Minutes of the Meeting of the Cabinet held on 18 December 2018 be approved as a true record of the proceedings and be signed by the Chairman.

99 NOTIFICATION OF OTHER BUSINESS

Audio Recording – Start time of Item – 3 minutes 53 seconds

Subsequent to Minute No. 84, the Deputy Chief Executive provided a verbal update regarding North Hertfordshire Museum and Hitchin Town Hall - acquisition of 14/15 Brand Street.

100 CHAIRMAN'S ANNOUNCEMENTS

Audio Recording – Start time of Item – 4 minutes 0 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, the Chairman had arranged for the sound at this particular meeting to be recorded;
- (2) The Chairman reminded Members that, in line with the Code of Conduct, any Declarations of Interest needed to be declared immediately prior to the item in question;
- (3) The Chairman asked that, for the benefit of any members of the public present at the meeting, Officers announce their name and their designation to the meeting when invited to speak.

The Chairman reminded Members 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 were 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, wishing 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.

101 PUBLIC PARTICIPATION

Audio recording – Start time of Item – 6 minutes 2 seconds

There was no public participation at the meeting.

102 ITEMS REFERRED FROM OTHER COMMITTEES

Audio Recording – Start time of Item – 6 minutes 11 seconds

ITEM REFERRED FROM THE OVERVIEW AND SCRUTINY COMMITTEE: 22 JANUARY 2019 - COMMERCIAL STRATEGY.

RESOLVED: That consideration of this referral is considered with agenda item 11 (Commercial Strategy).

103 STRATEGIC PLANNING MATTERS

Audio recording – Start time of Item – 10 minutes 25 seconds

Councillor Levett the Executive Member for Planning, Enterprise and Transport presented the report of the Services Director – Regulatory informing Members of the current positions regarding strategic planning matters.

Upon the vote it was

RESOLVED:

- i. That the report on strategic planning matters be noted.
- ii. That the submission in Appendix A is noted and endorsed by Cabinet.

REASONS FOR DECISION:

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

104 MAKING OF AN ARTICLE 4 DIRECTION FOR THE DISTRICT'S KEY EMPLOYMENT AREAS

Audio recording – Start time of Item – 16 minutes 20 seconds

Councillor Levett the Executive Member for Planning, Enterprise and Transport the report of the Service Director – Regulatory seeks Cabinet approval to introduce a non-immediate Article 4 Direction that would withdraw these rights across a defined area.

RESOLVED

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

REASONS FOR RECOMMENDATIONS

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.

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).

105 COMMERCIAL STRATEGY

Audio recording – Start time of Item – 32 minutes 56 seconds

Councillor Henry, as Chairman, presented the concerns of the Overview and Scrutiny Committee regarding the proposed adoption of the Commercial Strategy and governance issues and how this would be monitored.

Councillor Cunningham the Executive Member for Finance and IT introduced the report of the Service Director – Commercial asked 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.

RESOLVED:

- i. That Cabinet adopts the proposed North Hertfordshire District Council Commercial Strategy 2019-23, subject to the inclusion of the following paragraph to section 4 page 17 of the Commercial Strategy:

'As set out in paragraph 2.2 of Section 3 above, all new initiatives will be fully explored and robustly challenged and if the outline business case demonstrates the initiative is worth pursuing a detailed business case will be produced. The business case will be presented to the relevant committee to seek approval (Cabinet or the Shareholder Sub-Cabinet) and will have clear timeframes and outputs. If the proposal is approved, these outputs will be measured against and reported to Members, either through the quarterly financial updates or through regular monitoring against the business plan as set out in the Council's Constitution.'

- ii. That the Executive Member for Finance and IT work with the Chairman of Overview and Scrutiny to ensure the areas of concern regarding governance are addressed.
- iii. That a meeting be arranged between the Service Director – Commercial, the Chairman of Overview and Scrutiny, Executive Member for Finance and IT and Legal Services to discuss the concerns of the Overview and Scrutiny Committee.
- iv. That the Leader of Council ensure that there is a clear reference within the Corporate Plan to commercialisation.

REASON FOR DECISION:

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

106 NHDC PARKING STRATEGY REVIEW

Audio recording – Start time of Item – 56 minutes 20 seconds

Councillor Levett the Executive Member for Planning, Enterprise and Transport introduced the report of the Service Director – Regulatory which sought approval of the Council's Parking Strategy 2019-2031, and the agreement of the associated Strategic Action Plan attached at Appendix A and B respectively.

RESOLVED:

- i. That Cabinet adopt the North Hertfordshire District Council Parking Strategy 2019-2031 attached as Appendix A of the submitted report.
- ii. That Cabinet agree the Strategic Action Plan attached as Appendix B of the submitted report.
- iii. That Cabinet note the summary of comments on the draft Strategy and officer responses attached as Appendix C of the submitted report.
- iv. 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.
- v. 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.

- vi. That following consultation with the Area Committees, the final version of the Parking Operational Guidelines are returned to Cabinet for approval.
- vii. 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.
- viii. That Cabinet, subject to available resources, agree the following inclusion to the Strategic Action Plan attached at Appendix B of the submitted report under the short term actions (1-3 yrs.)

‘PS11 Preparation of an electric vehicle parking strategy’.

REASONS FOR DECISION: 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.

107 RIPA POLICY ANNUAL REVIEW

Audio recording – Start time of Item – 1 hour 12 minutes 32 seconds

Legal Regulatory Team Manager introduced the report which reviewed the Council’s Regulation of Investigatory Powers Act (‘RIPA’) Policy (the ‘Policy’) so that the Council’s use of RIPA was compliant with the law.

RESOLVED:

That Cabinet approve the amended RIPA Policy as contained as Appendix A of the submitted report.

REASON FOR DECISION: To bring the Council’s RIPA Policy up to date.

108 REVENUE BUDGET 2019/20

Audio recording – Start time of Item – 1 hour 18 minutes 0 seconds

Councillor Cunningham the Executive Member for Finance and IT and Anthony Roche presented the report of the Service Director - Resources which sought approval to recommend to Council the budget for 2019/20 and the main factors which contribute to the determination of the North Hertfordshire district Council (NHDC) Council Tax level.

Following discussion the Leader of the Council moved the recommendations with alterations and it was

RESOLVED:

- i. That the expected Central Government funding levels be noted.
- ii. That the estimated position on the Collection Fund and how this will be funded be noted.
- iii. That the Council Tax increase for 2019/20 be in line with the Medium Term Financial Strategy.
- iv. That the position relating to the General Fund balance be noted and, that due to the risks identified, a minimum balance of £1.96 million is recommended.
- v. That the increase in the 2018/19 working budget of £116k be approved, the expected impact in 2019/20 of a £164k reduction in budget be noted.
- vi. That the requests for the carry-forward of budget of £41k from 2018/19 to 2019/20 be agreed.
- vii. That the inclusion of the efficiencies and investment be approved.
- viii. That the savings target in future years be noted.
- ix. That the Service Director – Resources reflect the following inclusions and consequential amendments into the budget to be presented to Council:
 - a. Electric Vehicle Charging Points - A sum of £15k be added to the 2019/2020 budget to engage suitable consultants in order to progress this element within the proposed action plan of the Parking Strategy.
 - b. North Hertfordshire Transport Users Forum – That a one off sum of £50k be allocated in the 2019/2020 budget to enable this Forum.
 - c. North Hertfordshire Ethnic Minority Forum – That a one off grant of £25k in 2019/20 be allocated to allow for its restructure (subject to formal confirmation of its Terms of Reference).
 - d. Regarding Appendix B of the submitted report, ‘Revenue Efficiencies and Investment Proposals’ – that funding for the ‘Area Wide Parking Reviews’ (reference E2) not be removed from the budget for 2020/2021 onwards and it be renamed to reflect that it will be used to undertake reviews of the transport implications of the town centre strategies. The saving in 2019/20 to be retained.

RECOMMENDS TO COUNCIL

That the estimated 2019/20 net expenditure of £15.2 million, as amended, and as detailed in the amended Appendix A (see addendum report) be approved.

REASON FOR DECISION:

To ensure that all relevant factors are taken into consideration when arriving at the proposed Council Tax precept for 2019/20.

To ensure that the Cabinet recommends a balanced budget to Council on 7 February 2019.

109 INVESTMENT STRATEGY (INTEGRATED CAPITAL AND TREASURY)

Audio recording – Start time of Item – 2 hours 13 minutes 51 seconds

Councillor Cunningham the Executive Member for Finance and IT and Deputy Leader presented the report of the Service Director – Resources which sought approval to recommend to Council the adoption of the Investment Strategy and the four clauses in relation to the Code of Practice on Treasury Management.

Following a vote it was

RESOLVED:

i. **RECOMMENDS TO COUNCIL:**

- i. The adoption of the Investment Strategy (as attached as Appendix A of the submitted report), including the capital programme and prudential indicators.
- ii. 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 of the report).

REASON FOR DECISION:

To ensure that the capital programme meets the Council's objectives and officers can plan the implementation of the approved schemes.

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.

The Meeting closed at 9:55pm

**CABINET
26 MARCH 2019**

PART 1 – PUBLIC DOCUMENT

**TITLE OF REPORT: ITEM REFERRED FROM FINANCE, AUDIT AND RISK COMMITTEE:
21 MARCH 2019 - THIRD QUARTER REVENUE MONITORING 2018/19**

Extract from the draft Minutes of the Finance, Audit and Risk Committee meeting held on 21 March 2019

NB The recommendations in this referral are the same as those in the report

THIRD QUARTER REVENUE MONITORING 2018/19

Audio Recording – Start of Item – 1 hour 19 minutes 14 seconds

The Accountancy Manager presented the substantive and addendum reports entitled Third Quarter Revenue Monitoring 2018/19 and drew attention to the following:

- The forecast was for a £211k decrease in the revenue budget, with an ongoing impact of a £25k increase in expenditure and which includes the request to carry forward £87k of budget from 2018/19 to 2019/20;
- Table 3 itemised the more significant variances to the forecast;
- Paragraph 1.3 (should be 8.4), page 116 gave details of carry forward budgets;
- Paragraph 1.4, page 117 (should be 8.5) detailed the 4 key corporate ‘financial health’ indicators;
- Table 5 (page 118) detailed the General Fund impact;
- Table 6 (page 119) gave details of the Known financial risks.

The following Members took part in the debate or asked questions:

- Councillor Terry Hone;
- Councillor Helen Oliver;
- Councillor Simon Harwood;
- Councillor Kate Aspinwall.

In response to questions the Service Director – Resources advised that:

- A consultant had given a quote regarding their fee for a Planning Appeal in relation to the proposed Crematorium, which confirmed that the Council has a good basis for an appeal;
- The vacancy control reflected the natural time taken to fill vacancies rather than a budget saving mechanism. It was for managers to decide how to cover their service.

Members were concerned that vacancy control should be reflected in the HR implications of the report.

RESOLVED: That the Service Director - Resources be requested to ensure that where there is a vacancy control target, HR implications are stated.

RECOMMENDED TO CABINET:

- (1) That Cabinet note the substantive and addendum reports;
- (2) That Cabinet approves the changes to the 2018/19 General Fund budget, as identified in table 3 and paragraph 8.2, a £211k decrease in net expenditure;
- (3) That Cabinet approves the changes to the 2019/20 General Fund budget, as identified in table 3 of the substantive report and paragraph 8.3 of the addendum report, a £25k increase in net expenditure.

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

NB to be considered with Item 11 - Third Quarter Revenue Monitoring 2018/19

**CABINET
26 MARCH 2019**

PART 1 – PUBLIC DOCUMENT

**TITLE OF REPORT: ITEM REFERRED FROM FINANCE, AUDIT AND RISK COMMITTEE:
21 MARCH 2019 - THIRD QUARTER CAPITAL MONITORING 2018/19**

Extract from the draft Minutes of the Finance, Audit and Risk Committee meeting held on 21 March 2019

NB the recommendation in this referral are the same as in the report

THIRD QUARTER CAPITAL MONITORING 2018/19

Audio Recording – start of Item – 1 hour 32 minutes 14 seconds

The Accountancy Manager presented the report entitled Third Quarter Capital Monitoring 2018/19 and drew attention to the following:

- The current estimate was a decrease in spend in 2018/19 of £0.475million and an increase in spend in future years of £0.466 million.
- Table 2 itemised and explained the more significant changes:

RECOMMENDED TO CABINET:

- (1) That Cabinet notes the forecast expenditure of **£6.736million** in 2018/19 on the capital programme, paragraph 8.2 refers, and approves the adjustments detailed in table 3 which result in a net decrease on the working estimate of **£0.022million**;
- (2) That Cabinet approves the adjustments to the capital programme for 2018/19 onwards as a result of the revised timetable of schemes detailed in table 2, increasing the estimated spend in future years 2019/20 by **£0.466million**;
- (3) That Cabinet notes the position of the availability of capital resources, as detailed in table 4, and the requirement to keep the capital programme under review for affordability.

REASONS FOR RECOMMENDATIONS

- (1) Cabinet is required to approve revisions to the capital programme;
- (2) Cabinet is required to ensure that the capital programme is fully funded.

NB to be considered with Item 12 - Third Quarter Capital Monitoring 2018/19

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**CABINET
26 MARCH 2019**

PART 1 – PUBLIC DOCUMENT

**TITLE OF REPORT: ITEM REFERRED FROM FINANCE, AUDIT AND RISK COMMITTEE:
21 MARCH 2019 - TREASURY MANAGEMENT THIRD QUARTER**

Extract from the draft Minutes of the Finance, Audit and Risk Committee meeting held on 21 March 2019

NB the recommendations in this referral are the same as the report

TREASURY MANAGEMENT THIRD QUARTER

Audio Recording – Start of Item – 1 hour 34 minutes 5 seconds

The Service Director –Resources presented the report entitled Treasury Management Third Quarter 2018/19 and drew attention to the following:

- That NHDC operated under the current Treasury Management Strategy for the last quarter;
- Due to the delays in Capital spend there had been additional funds available to invest, therefore the income from these investments was increased.

Members noted that the new Treasury Management Strategy would commence on 1 April 2019.

RECOMMENDED TO CABINET: That Cabinet note the position of Treasury Management activity as at the end of December 2018.

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

NB to be considered with Item 13 - Treasury Management Third Quarter 2018/19

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CABINET **26 March 2019**

***PART 1 – 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 be 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. Only those issues where there has been change since the last report are included.

8. RELEVANT CONSIDERATIONS

8.1 Other Plans and Examinations

- 8.1.1 **Central Bedfordshire** – The Secretary of State has appointed two new joint Inspectors after the original Inspector stepped down. The hearings are now expected to commence in May 2019. A draft timetable and guidance will be published by the Inspectors alongside their initial questions in due course.
- 8.1.2 **South Cambridgeshire** – Initial work has begun on a joint Local Plan with Cambridge City. An initial ‘issues and options’ consultation is anticipated in Autumn 2019. To inform this, the Councils are conducting a call for potential development sites which ends on 25 March.
- 8.1.3 **Uttlesford District Council** – The Uttlesford Local Plan was submitted to the Secretary of State for public examination, on 18 January 2019. Two Inspectors have been appointed. They sent initial questions to the Council which were responded to at the end of February.
- 8.1.4 **East Hertfordshire** – Following adoption of their new Local Plan, East Hertfordshire have begun work on a suite of Supplementary Planning Documents. Consultation was held on the first of these, affordable housing, in January and February 2019.
- 8.1.5 **Stevenage** – A Holding Direction has been in place upon Stevenage’s new Local Plan since November 2017. The Council have initiated Judicial Review proceedings in an attempt to break the impasse. Any further update will be reported verbally at the meeting.
- 8.1.6 **Welwyn Hatfield Borough Council** – The Inspector has written to the Council asking them to clarify the anticipated timetable for the remainder of the Examination. His aim is to establish a programme that would lead to the earliest adoption time.
- 8.1.7 **St. Albans City & District Council** – St Albans previously stated their intention to submit their plan for examination in March 2019. The Planning Policy Committee is due to meet on 13 March 2019 with a recommendation that the Council should now proceed to formal Submission of the draft Local Plan. This will require a further resolution from the authority’s Cabinet. The next scheduled Cabinet meeting is on 25 April.
- 8.1.8 **Hertfordshire County Council (waste & minerals)** – Consultation on the proposed submission Minerals Local Plan runs until 22 March 2019. A response is being prepared but was not available at the time final reports for this Cabinet were prepared. It will be reported to a future meeting of the Cabinet.

8.2 North Hertfordshire Local Plan

- 8.2.1 The consultation period for the Main Modifications and additional evidence submitted to the Examination of the North Hertfordshire Local Plan 2011 – 2031 has been extended. The consultation period will now run until Thursday 11 April 2019.
- 8.2.2 The consultation has been extended as it was considered appropriate to clarify that responses can also be made to the new written evidence produced or submitted by the Council following the submission of the Plan for Examination in June 2017. This includes, but is not limited to, the ‘homework’ that was submitted following the close of the hearing sessions.
- 8.2.3 Updated notifications have been sent to all consultees on the Council’s Local Plan database. The Council’s website and social media feeds have announced the revised closing date. Adverts will be placed in local media outlets next week.
- 8.2.4 Whilst the consultation is ongoing, initial work on detailed Supplementary Planning Documents which will support the Plan has commenced. This follows decisions made by Cabinet in July 2017 and December 2018. A draft of the first of these, the Developer Contributions SPD, will be brought to Cabinet in the summer.

8.3 Neighbourhood Plans

- 8.3.1 An exploratory meeting to consider the Wymondley Neighbourhood Plan was held by the examiner, Deborah McCann, on Wednesday 30 January. Following this meeting, Ms McCann wrote to the Council suspending the examination of the Neighbourhood Plan for one month. This was to allow time for certain supporting documents to be reviewed and updated and additional information provided on the proposed Local Green Space designations. The District Council has provided updated information on matters relating to environmental assessment.
- 8.3.2 Preston Parish Council has produced a second Submission Draft of its neighbourhood plan. Consultation on a previous iteration of the Plan took place during 2018. The latest version takes into account the comments received, including from the District Council expressing concern over the relationship of the proposed Neighbourhood Plan with the emerging Local Plan.
- 8.3.3 A decision was taken under delegated authority (published in MIS on 01 March 2019) to authorise the consultation on 28 February 2019. Authority for the Director of Regulatory Services to approve for consultation a proposed submission neighbourhood plan where all necessary documentation has been received was resolved by Cabinet on 31 July 2018.

8.3.4 It is anticipated that the consultation will begin on Tuesday 12 March 2019 running for a period of six weeks until Thursday 25 April 2019. This allows for two additional working days in lieu of Good Friday and Easter Monday.

8.4 Government Announcements

8.4.1 An updated version of the National Planning Policy Framework (NPPF) was published in February 2019. This is largely as per the revised NPPF published in July 2018 with some minor clarifications relating to environmental assessment and the definitions of 'local housing need' and the circumstances in which development sites can be considered 'deliverable'.

8.4.2 Complementary updates have also been issued to Planning Practice Guidance. This is the Government's detailed technical guidance which sits alongside the NPPF.

8.4.3 As part of the Government's measures to boost housing supply, the July 2018 NPPF introduced a new Housing Delivery Test (HDT). First results were due to be published in November 2018 but were eventually released last month. The NPPF contains a series of measures which local authorities must take in response to the HDT where their performance is below certain thresholds.

8.4.4 As a consequence of the new HDT results, North Hertfordshire must produce an Action Plan detailing what steps are being taken to improve performance. The Council must also apply the most generous 20% buffer to its calculations when working out land supply.

8.4.5 The Council has already been using a 20% buffer in its land calculations for a number of years. The assessment of land supply for the current Local Plan Examination has been carried out in this way.

8.4.6 An Action Plan is currently being prepared and will be reported to a future meeting. The main measure likely to be included in the Plan is to continue to progress the new Local Plan to adoption. At this point, the Council's performance against the HDT will improve significantly.

8.4.7 The National Audit Office has released a report on how effectively the Ministry of Housing, Communities and Local Government (MHCLG) supports the planning system. It identifies a number of weaknesses and recommendations to Government relating to support for local authorities and making more effective use of developer contributions for new infrastructure. It identifies that MHCLG holds local authorities to account for the delivery of new homes when this is a matter not fully within their control. This is an issue that the District Council has previously raised in consultation responses to MHCLG.

8.4.8 Officers continue to monitor various opportunities to bid for Government funding through the various housing, planning, infrastructure and other funds which are periodically announced.

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.
- 8.5.2 LLAL have announced their preferred option following their non-statutory consultation undertaken between June and August 2018 on their Vision for Sustainable Growth, 2020-2050. Their preferred option includes using the capacity within the existing runway and targeting expansion of the airport to 32 million passengers per annum (MPPA). This is less than the previously proposed 36-38 mppa, The preferred option proposes a second terminal to the north of the runway and replacement parkland (for the Wigmore Valley Park) within North Hertfordshire. A plan showing the preferred option can be found at: <https://futureluton.llal.org.uk/>
- 8.5.3 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. Current timescales envisage that a preferred masterplan option will be published mid 2019 with submission of a DCO application spring 2020.

8.6 Other transport and infrastructure matters

- 8.6.1 **A505 Transport Corridor Joint Study** – Following completion of the Stage 1 evidence gathering, officers from North Hertfordshire together with Luton, Central Bedfordshire and Hertfordshire County Council are working together to agree the scope of the second stage of this study.
- 8.6.2 **Heathrow Airspace Change Consultation** – officers have been liaising with other Hertfordshire districts and boroughs and the County Council in their response to the consultation. The response includes support for design envelopes (the geographic area within which flight paths will be chosen) that will protect communities from adverse health and quality of life impacts from aircraft noise, including the cumulative impacts of the overall airspace change process currently underway. The response also identifies that routes must be designed so as not to cause low level constraints on routes to and from London Luton and other airports as these would result in adverse noise implications for a range of communities in Hertfordshire.
- 8.6.3 **East-West Rail** – A consultation was launched on route options for the central section of East-West Rail between Bedford and Cambridge on 28 January 2019. The consultation is being run by the East West Rail Company, set up by the Secretary of State for Transport to deliver the link between Oxford and Cambridge.
- 8.6.4 Five different route options are presented. These consist of different combinations of route corridors to the east and west of the East Coast Mainline (ECML). The options to the west of the ECML, between Bedford and Sandy, are all located well to the north of the District boundary.

- 8.6.5 To the east of the East Coast Mainline, two route corridors are being consulted upon. A northern corridor via Cambourne would direct East-West Rail (and the associated potential positive and negative impacts) away from North Hertfordshire. The northern corridor is shown in two of the five route options.
- 8.6.6 The proposed southern corridor would route close to the northern boundary of the District. It would divert from the East Coast Mainline to the south of Sandy / north of Biggleswade and run due east past the northern tip of the District, close to Guilden Morden (South Cambridgeshire), to Bassingbourn. A proposed station area is shown at Bassingbourn, to the north of Royston. This corridor would join the existing Hitchin to Cambridge branch line broadly between Melbourn and Shepreth.
- 8.6.7 Separate studies for the National Infrastructure Commission, to inform policy on the Oxford-Cambridge Arc, have previously identified Bassingbourn as a possible location for a substantive new settlement, potentially utilising the existing barracks.
- 8.6.8 The consultation finished on 11 March 2019. A response was submitted which is attached as Appendix A to this report.
- 8.6.9 **Hertfordshire Infrastructure Planning Prospectus** – Hertfordshire County Council, in consultation with the Hertfordshire Planning Group (HPG) and Hertfordshire Infrastructure and Planning Partnership (HIPP) have produce a new study examining the cumulative infrastructure implications of the new development being proposed in the current round of Local Plans.
- 8.6.10 The Prospectus was endorsed by HIPP on Thursday 22nd November 2018 and has now been finalised and published on the County Council website. It identifies an estimated infrastructure cost of £5.7bn. The majority of this is concentrated in transport and education provision.

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.

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 3 report appears as a separate item on this meeting's agenda.
- 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 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.
- 11.2 The Council's recently approved Budget identifies a financial risk associated with a potential challenge to the Local Plan. The consultation extension is a means of managing this potential risk. The extension is not considered likely to impact upon the overall timetable for the Examination.

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 – Response to East-West Rail consultation

16. CONTACT OFFICERS

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17. BACKGROUND PAPERS

17.1 None

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Bedford to Cambridge Consultation 2019

Feedback Form

Please use this form to provide feedback to our consultation on the East West Rail section between Bedford and Cambridge.

The comments we receive during this consultation will be considered as we refine our scheme before seeking powers for its construction.

For more details about the scheme, please refer to our consultation document which can be found online at www.eastwestrail.co.uk/haveyoursay

You can also fill in this form online at www.eastwestrail.co.uk/haveyoursay or return a paper copy to: **Freepost EAST WEST RAIL.**

For large print copies of this form or versions in alternative languages, please email contact@eastwestrail.co.uk or call **0330 1340067**.

Please submit your feedback by 11.45pm on **11 March 2019** when this consultation will close.

Your details (please write in capitals)

Title: _____ Name: _____

Address: _____

Postcode: _____

Telephone: _____

Email: _____

Organisation (if applicable):

I am a:

- Local resident Commuter to the area Visitor to the area Former resident
 Future resident Business owner Elected representative Interest group
 Other

Age range (choose one):

- 18 and under 19-34 35-50 51-65 over 65

Would you like to receive further information from East West Rail as the proposals develop?

- Yes (by both Email & Post) Yes (by Email)
 Yes (by Post) No thanks

You can fill in this form online at www.eastwestrail.co.uk/haveyoursay

You can also:

- return a paper copy to: **Freepost EAST WEST RAIL**
- return a scanned copy to: **contact@eastwestrail.co.uk**

We are asking for feedback on:

- The opportunities, challenges and other considerations for each of the route options as described in pages 15-19 in the Consultation Document.
- Your views on the approach we have taken to developing the project up to now, including identifying route corridors, potential route options and station locations and the approach into Cambridge.
- Any other matters you think we should consider.

You may submit more than one feedback form and you may choose to leave feedback online. If you require more space, please attach any extra pages to this form.

Preferred route corridor:

Please provide any comments on the route corridor in which the route options below are located. This is described at page 10 in the Consultation Document.

Choosing a preferred route option: main factors

On a scale of one to five, how important do you believe each of the following factors should be in deciding on a preferred route:

	1	2	3	4	5
➤ Supporting economic growth	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
➤ Supporting delivery of new homes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
➤ Cost and overall affordability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
➤ Benefits for transport users	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
➤ Environmental impacts and opportunities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

For each of our route options please tell us how you think it performs against our five key criteria along with any other comments or considerations.

Route option A – Consultation Document Page 15

On a scale of one to five where five is the most positive, how do you think Route A performs against our key criteria of:

	1	2	3	4	5
➤ Supporting economic growth	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
➤ Supporting delivery of new homes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
➤ Cost and overall affordability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
➤ Benefits for transport users	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
➤ Environmental impacts and opportunities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Do you have any comments on the other considerations associated with this route option?

Route option B – Consultation Document Page 16

On a scale of one to five where five is the most positive, how do you think Route B performs against our key criteria of:

	1	2	3	4	5
➤ Supporting economic growth	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
➤ Supporting delivery of new homes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
➤ Cost and overall affordability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
➤ Benefits for transport users	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
➤ Environmental impacts and opportunities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Do you have any comments on the other considerations associated with this route option?

Route option C – Consultation Document Page 17

On a scale of one to five where five is the most positive, how do you think Route C performs against our key criteria of:

	1	2	3	4	5
➤ Supporting economic growth	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
➤ Supporting delivery of new homes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
➤ Cost and overall affordability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
➤ Benefits for transport users	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
➤ Environmental impacts and opportunities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Do you have any comments on the other considerations associated with this route option?

Route option D – Consultation Document Page 18

On a scale of one to five where five is the most positive, how do you think Route D performs against our key criteria of:

	1	2	3	4	5
➤ Supporting economic growth	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
➤ Supporting delivery of new homes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
➤ Cost and overall affordability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
➤ Benefits for transport users	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
➤ Environmental impacts and opportunities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Do you have any comments on the other considerations associated with this route option?

Route option E – Consultation Document Page 19

On a scale of one to five where five is the most positive, how do you think Route E performs against our key criteria of:

	1	2	3	4	5
➤ Supporting economic growth	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
➤ Supporting delivery of new homes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
➤ Cost and overall affordability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
➤ Benefits for transport users	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
➤ Environmental impacts and opportunities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Do you have any comments on the other considerations associated with this route option?

The route into Cambridge

Do you agree that EWR Co are right to prioritise route options that approach Cambridge from the south rather than from the north?

Strongly agree Agree Neutral Disagree Strongly disagree

If you disagree, please explain your view, including any additional factors that should be taken into account.

General feedback

Please provide any other views or comments on the overall approach that has been taken to developing the project including identifying potential route options and potential station locations, and feedback on any other aspect of the project.

We will collect and process the information you provide to us in order to record and analyse any feedback or questions you raise during the Consultation. If you give us personal information about other people you must first make sure that you have obtained all necessary permission from that person for you to pass this information on to us. We may need to share personal information with third parties which could include public bodies and third parties working with us on the project. You have the right to object to the processing of your personal data in certain circumstances and you may ask us to delete your personal information if you believe that we do not have the right to hold it. For further information in relation to how we process personal data, please see our Personal Information Charter at www.eastwestrail.co.uk/personal-information-charter

EAST WEST RAIL CENTRAL SECTION - BEDFORD TO CAMBRIDGE CONSULTATION 2019

Copy of On-line Response from North Hertfordshire District Council – submitted 8 March 2019

This response has been prepared by Louise Symes, Strategic Infrastructure & Projects Manager on behalf of North Hertfordshire District Council in agreement with the Director of Regulatory Services and the Executive Member for Planning , Transport & Enterprise.

Preferred Route Corridor : -

North Hertfordshire District Council is of the view that the preferred route corridor provides only marginal benefits for North Hertfordshire and Hertfordshire's rail passengers. The alignment is too far north to address the acute east-west public transport connectivity in the northern part of Hertfordshire leaving local residents the choice of either traveling via London or choosing other modes of transport.

The preferred route corridor misses the opportunity to directly serve London Luton Airport and the settlements of Luton, Stevenage, Hitchin and Letchworth, which have a combined population of over 350,000. It therefore fails to provide direct links to international airports or to provide local rail connections between important towns.

Choosing a preferred route option: main factors: -

Given that 3 of the 5 route options (i.e. routes A,C and D) are in close proximity to the North Hertfordshire border, the Council would like to see more evidence of the potential economic benefits either of these route options could bring to the surrounding local area, in particular to the towns of Royston and Baldock within North Hertfordshire. In addition given that these options include the potential for a new station at Bassingbourn if new housing is delivered, the Council together with Hertfordshire County Council would wish to see traffic modelling being undertaken to understand the impact on local roads within the District, in particular likely impacts on the A505 and A10.

The other factors of “supporting the delivery of new homes”, “cost and overall affordability” and “environmental impacts and opportunities, other than potential transport impacts on local roads, are not considered relevant to North Hertfordshire, and for this reason our comments are focused on individual routes A,C and D.

Individual Routes

Route option A

Supporting Economic Growth - 1

Benefits for transport users - 1

In order for East West Rail to have any benefits for North Hertfordshire and Hertfordshire, it is essential that there is good connection to/from the main radial rail routes and to the settlements that the new railway will serve.

The route provides the opportunity to provide interchange with East Coast Main Line services at Sandy. However, it does not provide direct connection to Bedford Midland station, and hence does not connect to the town centre or wider services on the Midland Main Line.

If this route option were to be chosen, it would be essential that additional track capacity is delivered south of Cambridge to ensure that there is no detriment to existing train services or to coping with future demand on the Hitchin to Cambridge branch, which also serve the towns of Royston, Baldock and Letchworth.

As stated above, given that the route provides the potential for a new station at Bassingbourn if new housing is delivered and that the site is close to the north Hertfordshire border, more evidence is required on potential traffic impacts on the local roads.

North Hertfordshire is working together with Luton, Central Bedfordshire and Hertfordshire County Council and have commissioned 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 study area runs broadly from Leighton Buzzard in the west to Royston / A10 in the in the east. The Council would expect the East West Rail company to take such a study into consideration as part of any future traffic modelling work.

More evidence is required to demonstrate the economic benefits this corridor option would bring to the surrounding local area, in particular to the town of Royston.

Route option B

No comment.

Route option C

Supporting Economic Growth - 1

Benefits for transport users - 1

In order for East West Rail to have any benefits for North Hertfordshire and Hertfordshire, it is essential that there is good connection to/from the main radial rail routes and to the settlements that the new railway will serve.

The route provides the opportunity to provide interchange with East Coast Main Line services at Sandy. However, it does not provide direct connection to Bedford Midland station, and hence does not connect to the town centre or wider services on the Midland Main Line.

The route would appear to share the East Coast Main Line corridor for some distance in the Sandy area. It will be essential that additional track capacity is provided to avoid any detrimental impact on the main line intercity and local services. However, this does provide an opportunity to provide wider services running from the East Coast Main Line on to the East West Railway.

As stated above, if this route option were to be chosen, it would be essential that additional track capacity is delivered south of Cambridge to ensure that there is no detriment to existing train services or to coping with future demand on the Hitchin to Cambridge branch, which also serve the towns of Royston, Baldock and Letchworth.

Again, given that the route provides the potential for a new station at Bassingbourn if new housing is delivered and that the site is close to the North Hertfordshire border, more evidence is required on potential traffic impacts on the local roads.

North Hertfordshire is working together with Luton, Central Bedfordshire and Hertfordshire County Council have commissioned 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 study area runs broadly from Leighton Buzzard in the west to Royston / A10 in the in the east. The Council would expect the East West Rail company to take such a study into consideration as part of any future traffic modelling work.

More evidence is required to demonstrate the economic benefits this corridor option would bring to the surrounding local area, in particular to the town of Royston.

Route option D

See comments for route C above.

Route option E

No comment

The Route into Cambridge

North Hertfordshire has no views on whether Cambridge should be approached by EWR from the south or the north. However, given that all the route options have a southern approach it is essential that additional track capacity is delivered as part of the EWR scheme to ensure that there is no detriment to existing train services or to coping with future demand on the Hitchin to Cambridge branch.

General Feedback

The project only addresses a narrow bound of east-west connectivity. The radial nature of rail lines to the north of London means that there is a requirement for additional new east-west rail connections, including to the south of the preferred route corridor.

The scheme will have only marginal benefits to many areas. It is therefore essential that opportunities for journey connections are maximised by ensuring that there is a high frequency rail service on whatever route is chosen.

Whatever route is chosen, new track should be provided wherever it runs on existing rail corridors, particularly on the East Coast Main Line and on the southern approaches to Cambridge.

The scheme misses opportunities to provide physical connections to the wider rail network, and hence opportunities to provide new train services using a combination of exiting routes and the new East West Railway. Route options C and D would provide some through-running opportunities to/from the East Coast Main Line, but does not provide for all combinations.

CABINET
26 MARCH 2019

PUBLIC DOCUMENT

TITLE OF REPORT: HOUSING GRANTS POLICY 2019-2024

REPORT OF : SERVICE DIRECTOR - REGULATORY

EXECUTIVE MEMBER : EXECUTIVE MEMBER FOR HOUSING AND ENVIRONMENTAL HEALTH

COUNCIL PRIORITY : ATTRACTIVE AND THRIVING AND RESPONSIVE AND EFFICIENT

1. EXECUTIVE SUMMARY

1.1 This report asks Cabinet to consider and adopt a Housing Grants Policy 2019-2024 to replace the Council's existing Private Sector Housing Renewal Policy.

2. RECOMMENDATIONS

2.1 That Cabinet adopts the Housing Grants Policy 2019-2024 set out in Appendix A.

3. REASONS FOR RECOMMENDATIONS

3.1 The Council's existing Private Sector Housing Policy is outdated and no longer relevant to national or local circumstances. A new Housing Grants Policy is proposed which properly reflects the objectives set out in the Council's Housing Strategy.

4. ALTERNATIVE OPTIONS CONSIDERED

4.1 Option A. Cease providing any grant funding for the private sector. This would result in a direct saving of £60K from the capital budget but it would remove a safety net from poorer households who benefit from this grant and possibly could result in other burdens on the public purse if defects that have not been repaired or addressed lead to future health issues for the affected occupants.

4.2 Option B. Cease providing a Home Repair Assistance Grant (HRAG) but investigate other funding sources that could benefit private sector owner occupiers and tenants. The comments in option A also apply. There could be some mitigation of the future health issues if other sources of funding can be accessed. However, currently such funding streams are likely to be for energy efficiency works, not basic repairs.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 The Executive Member for Housing and Environmental Health has been consulted and supports the Housing Grants Policy and the revised approach to Home Repairs Assistance Grant.

6. FORWARD PLAN

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

7. BACKGROUND

- 7.1 From the 1970s onwards, all Governments sought to support the maintenance and renovation of the private sector housing stock through various grant schemes. The Housing Grants Construction and Regeneration Act 1996 was the last piece of primary legislation dealing with grant aid and is still the basis for delivery of mandatory disabled facilities grants (DFGs).
- 7.2 However, Local Authority duties/powers to offer a wide range of grants under the Housing Grants Construction and Regeneration Act 1996 were revoked by the Regulatory Reform (Housing Assistance)(England & Wales) Order 2002 (RRO), with the aim of providing more flexibility for local issues. The only exception was for DFGs, which continue to be mandatory grants.
- 7.3 The Government's approach at this time was set out in guidance from the Office of the Deputy Prime Minister in 2002. [Note, these functions now fall under the Ministry for Housing, Communities and Local Government.] The Government's view was that it is primarily the responsibility of homeowners to maintain their own property but accepted that some homeowners, particularly the elderly and most vulnerable, do not have the resources to keep their homes in good repair. Local Authorities therefore had a role to provide assistance in these cases. The stated Government view at the time was that an authority would be failing in its duty as a housing enabler and its responsibility to consider the condition of the local private sector stock if it did not make some provision for (private sector housing) assistance and local authorities were required to publish a policy regarding housing grants.
- 7.4 NHDC's Private Sector Housing Renewal Policy (PSHRP) came into effect in July 2003 and there have been various minor amendments since, the last being in 2008. The Council's offer in the original policy was:
- Handy person scheme
 - DFGs
 - Discretionary Renovation Grants/Loans
 - Home Repair Assistance Grants (HRAGs)

The handy person scheme and discretionary renovation grants/loans ceased to be offered a number of years ago as part of efficiency savings. The Council retains the statutory responsibility for offering DFGs but from October 2017, the delivery of the service was transferred to the Hertfordshire Home Improvement Agency, which has developed its own policy around the DFG offer.

- 7.5 The Council currently still offers discretionary HRAGs, based on criteria set out in the current PSHRP. The annual budget in recent years has been £60K. Grants are targeted at those in receipt of means tested benefits, for the following types of repairs/improvements:
- a) To remedy essential repairs or conditions that interfere materially with the personal comfort of an elderly, infirm or disabled occupant.
 - b) Remedial action to remove Category 1 hazard(s) (e.g serious hazards such as a leaking roof or lack of heating) where cost of works is less than £2,750 and property is occupied by person(s) falling within the defined vulnerable group for that hazard.
 - c) Urgent adaptations for the care of the disabled, elderly or infirm will be considered from applicants, including those not in receipt of benefit, in exceptional circumstances only, subject to authorisation by the Chief Officer and the Portfolio Holder.
 - d) Improvement to home security for the disabled, elderly or infirm.
 - e) Essential and significant repairs to the basic fabric or services of residential mobile homes.
 - f) Energy efficiency works as follows, where applicants are not eligible for assistance under another scheme e.g. Warm Front
- 7.6 However, there is now no central Government requirement to offer any housing related grant assistance, other than for DFGs. Full Council resolved at its February 2019 meeting to continue to support HRAGs through to 2023/24.

8. RELEVANT CONSIDERATIONS

- 8.1 Having a warm, safe home is a basic need and the Council has supported the maintenance of good standards in the housing stock within the district for many years. In the Council's Housing & Homelessness Strategy 2013-2018, two of the four strategic priorities in the Strategy had relevance with regard to the private sector:
- Make the best use of existing housing stock
 - Warmer, safer, healthier homes
- The proposed Housing Strategy 2019-2024 continues this theme, with one of the three priorities being 'Improving standards of housing'.
- 8.2 Using savings or borrowing to fund housing maintenance/renovation has been and continues to be a good investment. However, it remains the case that there are poorer households and also 'capital rich revenue poor' households who are unable to secure funding for basic repairs and improvements where local authority support can have a positive impact on quality of life for residents.

- 8.3 HRAG has been shown to be a useful support mechanism to enable households who need to carry out urgent repairs but do not have the financial means to do so. Examples of the types of work for which grants have been sought are repairs or replacement of boilers, dealing with dampness caused by building defects and undertaking urgent electrical repairs. Most grants are significantly less than the maximum of £5000.
- 8.4 The uptake of grants has been fairly limited, with around a dozen grants being awarded each year. It is unclear whether this is just because there is not significant demand or whether there is a lack of awareness of the availability of the grant.
- 8.5 The Housing Grants Policy 2019-2024 sets a framework for future delivery of HRAGs. The grant criteria have been simplified so that there are now four main qualifying criteria, which encompass the previous six criteria:
- a) To remedy essential repairs or conditions that interfere materially with the personal comfort or security of an elderly, vulnerable or disabled occupant.
 - b) Remedial action to remove Category 1 hazard(s) and property is occupied by person(s) falling within the defined vulnerable group for that hazard.
 - c) Essential and significant repairs to the basic fabric or services of residential mobile homes.
 - d) Energy efficiency works, where applicants are not eligible for assistance under another third party scheme e.g. Energy Company Obligation (ECO)
- 8.6 The financial qualifying criteria have been widened slightly. Applicants must be in receipt of an income based benefit, which has always been the case, but additionally households who are not in receipt of such a benefit but have a household income of £20000 or less also will be eligible.
- 8.7 HRAGs are only available to owner occupiers or tenants with repairing responsibilities.
- 8.8 If Cabinet approves this policy, it is intended to develop a communications strategy to increase awareness of HRAGs, including targeting groups likely to benefit from the service.

9. LEGAL IMPLICATIONS

- 9.1 Paragraph 5.6 of the Constitution sets out the Functions of Cabinet. Paragraph 5.6.1 states that the Cabinet can prepare and agree to implement policies and strategies other than those reserved to Council.
- 9.2 Section 3 of the Housing Act 2004 requires that local housing authorities must keep the housing conditions in their area under review with a view to identifying any action that may need to be taken by them.

- 9.3 The Council's Constitution delegates responsibility for housing grants to the Service Director – Regulatory [14.6.11 (b) (vii)], as such any grants issued will be under that delegation or subsequent sub-delegation.

10. FINANCIAL IMPLICATIONS

- 10.1 There are no specific revenue implications arising from this report. Delivery of HRAGs is part of the Environmental Health Service's work programme and no additional staffing resources are required.
- 10.2 Funding for HRAGs comes from the capital budget and is agreed as part of the Council's annual budget setting process. In February 2019 Full Council resolved to continue the £60k budget through into 2023/2024, although HRAG is a discretionary grant and there would be no specific implications if it was necessary to reduce the budget in any particular year.

11. RISK IMPLICATIONS

- 11.1 There are no particular risk implications associated with this report, however, if we chose not to provide grants for these type of urgent repairs, we would fail to align with the Council's Housing 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 aim of providing this grant is to assist poorer households and more vulnerable residents who may have difficulty funding basic repairs in their own homes, which if not addressed, could lead to unsafe conditions and adverse health issues.

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 staffing issues arising from this report.

15. APPENDICES

- 15.1 Appendix A - Housing Grants Policy 2019-2024

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17. BACKGROUND PAPERS

- 17.1 There are no background papers



Housing Grants Policy 2019-2024

March 2019

1.0 Introduction

- 1.1 The Council's overall approach to housing issues and the fulfilment of statutory duties relating to housing is set out in the Housing Strategy. The Strategy sets out the Council's priorities for housing in the district and the strategic measures that will be taken to achieve them.
- 1.2 The Housing Grants Policy sets out the financial support that the Council will make available in addressing issues in the private sector.
- 1.3 The requirement for a published policy relating to financial assistance came about as a result of The Regulatory Reform (Housing Assistance)(England and Wales) Order 2002. This largely swept away a range of previous mandatory grants that were available for housing renewal work, the only exception being grants for disabled facilities, which remain to this day. In place of the mandatory grants, local authorities were given a general power to offer financial assistance for repairs, improvements and adaptations.
- 1.4 The Council's first policy relating to financial assistance, the Private Sector Housing Renewals Policy was published in 2003 and there have been a series of amendments since.
- 1.5 The Council is a partner in the Hertfordshire Home Improvement Agency, which now delivers the Council's responsibilities in relation to disabled facilities grants.
- 1.6 This policy sets out the terms and conditions relating to Home Repair Assistance Grant (HRAG).

2.0 Home Repair Assistance Grant

- 2.1 The Home Repair Assistance Grant is a discretionary form of assistance specifically designed to provide practical help, through a grant for small-scale essential works. It aims to help owner-occupiers and tenants who have responsibility for undertaking repairs to their homes but who have limited financial resources to undertake essential works that might otherwise lead to adverse health or safety conditions in their home.
- 2.2 This grant provides cash limited assistance up to £5000 within any three-year period, for minor works for owner-occupiers and private tenants who meet certain criteria. Applicants can submit more than one application but the total grant may not exceed £5000 in any three year period.
- 2.3 Private tenants may only make an application for a HRAG where their tenancy agreement places responsibility on them for carrying out the required works. In practice, this is only likely to apply to regulated tenancies, which began before 15 January 1989.
- 2.4 Private landlords and Registered Providers are not eligible to apply for a HRAG.
- 2.5 All grants are subject to conditions, which are set out in Appendix 1.
- 2.6 Where alternative sources of funding are available to an applicant, the Council will expect an applicant to pursue such options before making an application for a HRAG.
- 2.7 The HRAG scheme is a discretionary scheme and is subject to the resources that the Council is able to make available to support the scheme in any financial year.

3.0 Scope of grant assistance

3.1 Works that may be covered by a HRAG are as follows:

- a) To remedy essential repairs or conditions that interfere materially with the personal comfort or security of an elderly, vulnerable or disabled occupant.
- b) Remedial action to remove Category 1 hazard(s)¹ and property is occupied by person(s) falling within the defined vulnerable group for that hazard.
- c) Essential and significant repairs to the basic fabric or services of residential mobile homes.
- d) Energy efficiency works, where applicants are not eligible for assistance under another third party scheme e.g. Energy Company Obligation (ECO)

For the purposes of this policy, elderly is defined as anyone who is at or above the state pension age at the time of the application

For the purpose of this policy, in assessing vulnerability, regard will be had to the National Institute for Health and Care Excellence's quality standard 'Preventing excess winter deaths and illness associated with cold homes'
<https://www.nice.org.uk/guidance/qs117>

3.2 Applicants must be in receipt of an income related benefit including:

- Child Tax Credit
- Housing Benefit
- Income Support
- Income-based Jobseeker's Allowance (JSA)
- Income-related Employment and Support Allowance (ESA)
- Pension Guarantee Credit
- Universal Credit

¹ A category 1 hazard is a serious hazard affecting the occupants of a property under the Housing Health and Safety Rating System <https://www.gov.uk/government/publications/hhrs-operating-guidance-housing-act-2004-guidance-about-inspections-and-assessment-of-hazards-given-under-section-9>

- Working Tax Credit

Or the total household income is £20000 per annum or less.

4.0 Other matters

- 4.1 The Council's Private Sector Housing Renewal Policy, last amended on 20 March 2018, ceases to have effect in relation to any new applications granted after this policy comes into force. However, the Private Sector Housing Renewal Policy remains in effect with regard to any conditions applied to grants awarded under that policy.

Appendix 1

HRAG conditions

1. Applicants must be 18 years of age or older at the date of application and in the case of joint applications at least one applicant must be 18 years of age or older at the date of application.
2. It is the applicant who employs the contractors to undertake agreed works and the Council have no contractual liabilities in that relationship as their role is only to administer the grant process. The applicant is ultimately responsible for ensuring the quality of the completed works.
3. The agreed works must be carried out by one of the contractors whose estimates/quotes were submitted as part of the application. The grant will usually be calculated using the lowest priced estimates/quote except in exceptional circumstances.
4. The responsibility to gain all necessary approvals e.g. Planning Permission, Building Regulation Approval etc, rests with the applicant.
5. If an applicant submits an estimate/quote from a member of their family, who then carries out the agreed works, the grant will only be paid on the basis of the cost of materials and not labour.
6. An application for assistance toward works that have already been completed will not be processed. Any part of works not commenced, which would otherwise have been considered for assistance will be processed for possible grant assistance, as long as this work is not commenced prior to formal approval.
7. All payments shall be conditional upon confirmation that all works to which the grant relates have been completed and receipt of an acceptable invoice. Payment will normally be made to the applicant but can be made to the contractor if the grant recipient authorises this.
8. The applicant must grant the Council reasonable access to inspect the works whilst in progress and on completion, if requested to do so.
9. The Council may include the reasonable cost of preliminary or ancillary services, fees and charges within the calculation of assistance. The payment of any such fees is conditional on a grant being approved and the completion of all specified works.
10. The Council will only make a single payment when all works are satisfactorily completed; no interim payments will be made.

11. Grant assistance will only be approved for the benefit of applicants who are able to provide evidence of a valid National Insurance Number.
12. The Council reserves the right to re-consider any individual application against any of these terms and conditions.

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North Hertfordshire
District Council

Housing Strategy

2019 - 2024

FOREWORD



I am very pleased to introduce our latest Housing Strategy for North Hertfordshire, which sets out our housing objectives for the next five years. The Housing Strategy is in fact a suite of documents, also encompassing our Homelessness and Rough Sleeping Strategy and our Tenancy Strategy.

North Hertfordshire is a wonderful place to live, work and visit. However we do continue to face a number of challenges, first and foremost of which is a lack of affordable housing for our local residents. Housing costs have continued to rise over the years meaning that home ownership and, increasingly, access to the private rental market is out of reach for many, particularly younger residents.

Our Housing Strategy sets out how we will work to maximise the supply of genuinely affordable housing which will be delivered in the district through our new Local Plan (currently in the process of being adopted).

And of course, we are not just concerned with numbers and meeting targets. We want to ensure that the affordable housing that is delivered is of the right sort, of a high standard and in the right place to meet local needs.

Maintaining and improving standards of housing in the private sector is also important, particularly as the private rented sector grows in significance. We believe that good quality housing provides the foundation for ensuring the health and wellbeing of our residents.

The lack of affordable housing also impacts on the demand for our homelessness services. This year has seen significant changes in homelessness legislation and the introduction of new and expanded duties on local authorities, which has brought about many changes to our service.

Finally, I would like to thank all of our housing partners and local stakeholders, who play a crucial role in enabling us to meet our housing ambitions.

Councillor Bernard Lovewell
Executive Member for Housing and Environmental Health
North Hertfordshire District Council

March 2019

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1. INTRODUCTION

- 1.1 North Hertfordshire District Council, as the local housing authority, is responsible for working to meet the housing needs of its local community. We are also responsible for overseeing and enforcing housing standards in the district. Our work is wide ranging, encompassing the private (market) and affordable housing sectors and supporting residents from young people setting up home for the first time to the elderly; from those who require mainstream housing to people with extra support needs.
- 1.2 The Council also has very specific responsibilities with regard the prevention and relief of homelessness, and accommodation duties towards certain groups of homeless households.
- 1.3 This Housing Strategy sets out our objectives for the next five years over 2019-2024, the reasons behind these objectives and how we plan to achieve them. The Strategy focuses our work back to the following core, fundamental areas of housing and homelessness:
- maximising the supply of affordable housing
 - improving standards of housing
 - preventing and managing homelessness
- 1.4 We have incorporated our Homelessness and Rough Sleeping Strategy within the Housing Strategy as the two are inextricably linked. Our refreshed Tenancy Strategy is also included at Annex 1.
- 1.5 The environment in which the Council operates is likely to continue to be challenging, shifting and shaped by ongoing financial constraint coupled with a high demand for our core services. This Housing Strategy has to be resilient to change and also adaptable to new opportunities which may arise. We therefore intend to review the specific actions under each priority on an annual basis to ensure that they remain relevant and that work is progressing on track to meet them, including identifying any resource constraints.

The Strategy in context

- 1.6 Our Housing Strategy has been developed within the framework of the Council's other adopted plans and strategies for the district.
- 1.7 The Strategy supports the Council's overall vision for the district, which is to make North Hertfordshire a vibrant place for people to live, work and prosper. More specifically, the Council's Corporate Plan identifies three objectives for 2019/24, to which the Housing Strategy will contribute:

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

Prosper and protect – to promote sustainable growth within and wherever it affects our district to ensure economic and social opportunities exist for our communities, whilst remaining mindful of our cultural and physical heritage

Responsive and efficient – *to ensure that the Council delivers cost effective and necessary services to our residents that are responsive to developing need and financial constraints*

- 1.8 The Housing Strategy supports planning policy, conforming with and complementing our proposed Local Plan for 2011-2031. It is also consistent with the housing aspirations contained within the North Hertfordshire Partnership's¹ Sustainable Community Strategy 2009–2021.
- 1.9 The Council no longer owns housing stock, so we rely on strong local partnerships with housing providers, third sector partners and statutory bodies to achieve our priorities. Our continuing commitment to nurturing and growing these relationships underpins the whole of this Housing Strategy. Appendix 1 provides a list of our key partners.

A fast changing policy environment

- 1.10 National policy has continued to evolve and change at a fast pace over recent years, bringing with it both challenges and benefits.
- 1.11 Since our last Housing Strategy, welfare reform has continued apace, with a freeze on Housing Benefit levels for private sector tenants and reductions in the overall benefit cap. Universal Credit has been rolling out across the country.
- 1.12 The affordable housing sector has become increasingly deregulated, with local authorities less able to exert influence on housing providers' activities. The sector has also had to adapt to a regime of social rent reductions and (up until very recently) severely curtailed funding of new homes for social rent.
- 1.13 More recently, there appears to have been a sea-change in national housing policy. Significant reforms to the funding of supported housing have been dropped, as have plans to remove Housing Benefit entitlement to under 21s and several measures from the Housing and Planning Act 2016 including mandatory fixed term tenancies are no longer planned for implementation.
- 1.14 Affordable housing has now been recognised at the highest levels of government as playing a key role in building strong communities, underlined by the publication of the recent Green Paper "A new deal for social housing".
- 1.15 Tackling homelessness has risen to the top of the political agenda and the government has pledged to end rough sleeping by 2027 with the publication of its Rough Sleeping Strategy in 2018. The Homelessness Reduction Act 2017 has introduced significant new duties on local authorities to prevent and tackle homelessness, bringing prevention work into the statutory framework and extending assistance to a wider range of people.
- 1.16 There is also a recognition of the increased importance of the private rented sector, which houses growing numbers of families across the country. A range of legislation has been introduced over recent years to professionalise the private rented sector, strengthen consumer protection and tackle 'rogue' landlords.

¹ A partnership bringing together the Council and local representatives from the public, private, voluntary and community sectors.

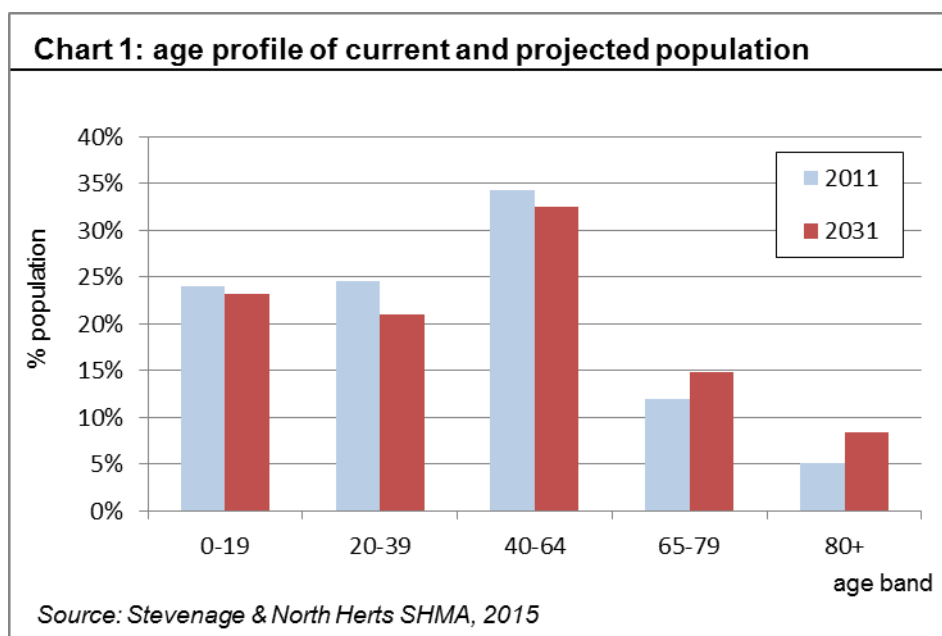
- 1.17 The publication of the Housing White Paper “Fixing our broken housing market” in 2017 signalled a renewed focus on expanding housing supply. A government target of 300,000 new homes a year to be delivered by the mid-2020s was announced in the Budget 2017. Corresponding reforms to the planning system have been introduced predominantly via the Housing and Planning Act 2016.

2. OVERVIEW OF NORTH HERTFORDSHIRE

- 2.1 North Hertfordshire is a predominately rural district located less than 40 miles north of central London. It covers approximately 375 square kilometres of land, making up almost 25% of Hertfordshire’s total land area. The district contains four distinct towns, Baldock, Hitchin, Royston and Letchworth, the world’s first Garden City, as well as about 40 villages and hamlets.
- 2.2 Ours is a relatively affluent district², with a lower than average unemployment rate and higher than average earnings. North Herts is well served with good transport links to London and Cambridge and there are associated high levels of commuting to these areas.

Demographics

- 2.3 North Hertfordshire has a population of 133,300³, with over 70% of its residents living in one of the four main settlements. Just over 10% of the district’s population is of a black and minority ethnic group, slightly lower than the proportion in Herts (13%) and England as a whole (14%)⁴.
- 2.4 The population is projected to grow over the next decade to reach over 153,000 residents by 2031⁵. This is due in part to the district’s attractiveness as a place to live but also continuing improvements in life expectancy. Indeed, over half of the projected population growth is accounted for by an increase in residents aged 65 and over, with the largest growth likely to be amongst those aged 80 and over.



² North Herts ranks amongst the most affluent 20% of local authorities in England according to the Department for Communities and Local Government’s (as was) English Indices of Deprivation 2015.

³ Office for National Statistics mid-year population estimates for 2017.

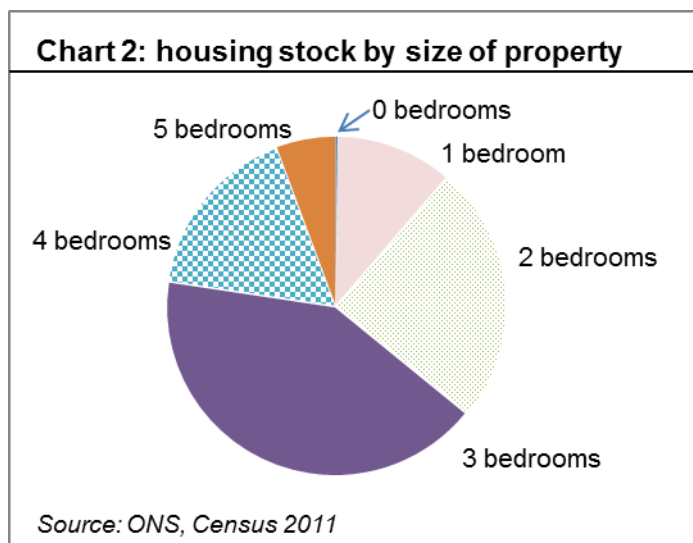
⁴ ONS 2011 Census.

⁵ ORS (2015) *Stevenage and North Hertfordshire Strategic Housing Market Assessment Update 2015*

2.5 By 2031, as chart 1 illustrates, 23% of the district’s population is projected to be aged 65 or over, with this age group requiring differing degrees of support in terms of health and social care.

Housing stock

2.6 There are just over 57,000 homes⁶ in North Hertfordshire. One quarter of homes are detached properties which is slightly higher than the county average whilst flats (purpose-built or converted) make up 18% of the housing stock, slightly lower than the county average⁷. Roughly two-thirds of properties have three or more bedrooms⁸, see chart 2.



2.7 There are around 100 known Houses in Multiple Occupation (HMOs) in the district, which the Council has licensing responsibilities for. There are also a small number of park homes in the district which offer an alternative to the main housing stock.

2.8 Two-thirds of households are owner-occupiers (whether owning outright or with a mortgage) whilst one-fifth live in affordable housing and a further 13% in the private rented sector⁹. The size of the private rented sector is noticeably smaller than the national average (17%) despite significant growth between the 2001 and 2011 Censuses. There are no more recent data available on the size of the private rented sector at local authority level, however national data show that the sector has grown steadily since 2011 and now represents 20% of all dwellings in England, up from 17.9% in 2011¹⁰.

⁶ Ministry of Housing, Communities and Local Government live tables on housing.

⁷ Ibid.

⁸ ONS 2011 Census.

⁹ Ibid.

¹⁰ MHCLG (2018) *Dwelling stock estimates: 2017, England*.

- 2.9 The district's housing stock is in generally good condition with no obviously large concentrations of poorly performing dwellings in the district¹¹. Over 70% of homes in the district were built after the second world war with less than 14% built pre-1919¹². Dwellings in the private rented sector are more likely to have been built pre-1919 however (making up 28% of the private rented stock), which accounts in large part for the poorer conditions likely to be found in this sector¹³.
- 2.10 In terms of energy performance, a relatively small proportion of properties in the district, 6%, are in the lowest two performing energy bands, F and G¹⁴.

Health and housing

- 2.11 Housing plays an important role in residents' health and wellbeing and this is particularly so for older residents. Poor quality housing is associated with increased risk of cardiovascular diseases, respiratory diseases and depression and anxiety¹⁵.
- 2.12 Although the district's housing stock is in generally good condition, a small proportion of residents in the district are believed to be in fuel poverty and are unable to afford to heat their homes sufficiently – latest estimates suggest that 8.5% of households in North Hertfordshire are fuel poor¹⁶. This is a comparable figure to Hertfordshire as a whole and lower than the national average.
- 2.13 Latest figures for excess winter deaths¹⁷ estimate that in 2015/16 there were 5% more deaths in the winter months compared with non-winter months in North Herts. However, as chart 3 illustrates, excess winter death rates tend to fluctuate widely over time with a peak of almost 50% more deaths in the district in the winter of 2014/15 compared with non-winter months for that year. North Herts rates have generally been above regional and national averages. The reason for this is unclear, and this will be a focus for further investigation in subsequent annual action plan(s) that outline the specific actions that will be taken to deliver the Strategy.

¹¹ Cambridge Centre for Housing & Planning Research (2015) *Private sector housing in North Herts: a secondary data analysis*

¹² MHA (2007) *Private Sector Housing Stock Condition Survey 2006/7*.

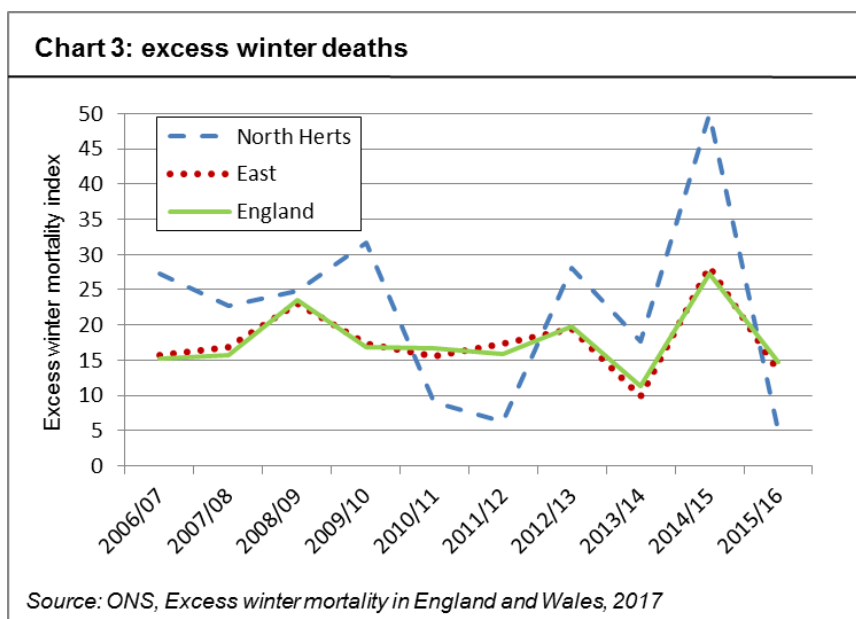
¹³ Ibid.

¹⁴ Cambridge Centre for Housing & Planning Research, 2015.

¹⁵ Parliamentary Office of Science & Technology (2011) *Housing and Health*

¹⁶ Department for Business, Energy & Industrial Strategy, *Sub-regional fuel poverty 2018*.

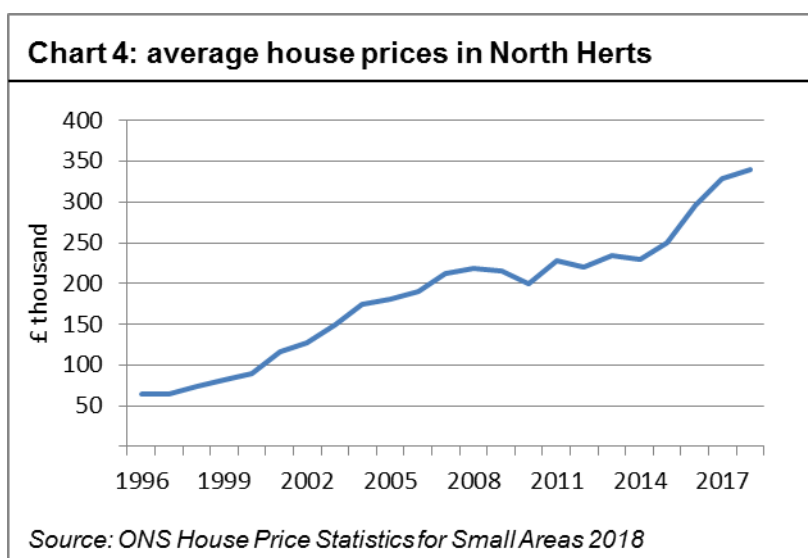
¹⁷ ONS (2017) *Excess winter mortality in England and Wales*.



2.14 Measures to improve the energy efficiency of homes, as well as the installation of aids and adaptations are an important tool to help improve health outcomes of our residents.

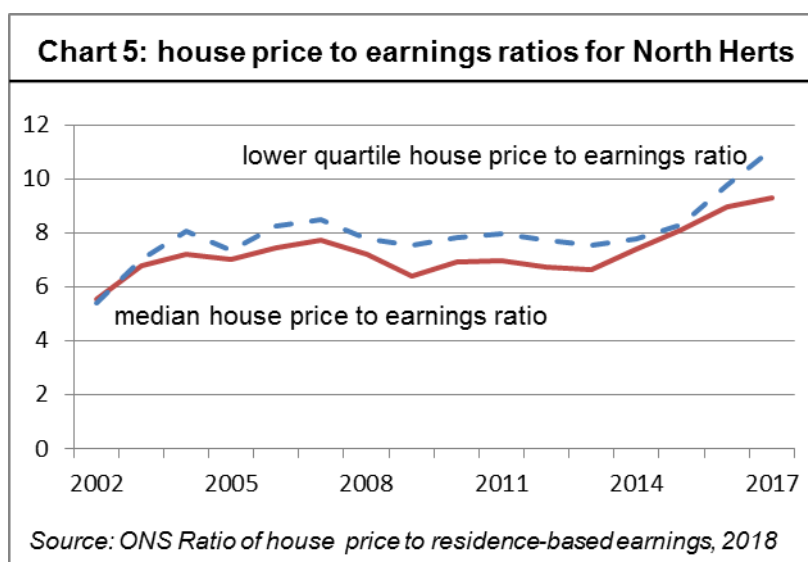
Affordability

2.15 House prices in the district are well above regional and national averages, although slightly below the average for Hertfordshire (which is skewed by particularly high prices in St Albans). For the year ending March 2018, the average price of a home in North Herts was £340,000 compared to a national average of £235,000¹⁸. In the past four years, the average price of a home in the district has increased by 48%, see chart 4 below.



¹⁸ ONS (2018) *House price statistics for small areas: year ending March 2018*. Average for East region was £280,000 whilst the average for Hertfordshire was £385,000.

- 2.16 Earnings have not kept up with house price growth and the ratio of average house prices in the district to average earnings has increased such that homes in the district now cost on average over nine times average earnings¹⁹. This is the highest it has reached in the official time series (which goes back to 2002).
- 2.17 The situation at the lower end of the market is even more acute, with the ratio of lower quartile house prices in the district to lower quartile earnings reaching 11.1 in 2017, again the highest it has reached in the official time series.



- 2.18 In common with many areas across the country, worsening affordability in the home ownership sector has led to more households seeking to rent in the private or affordable sectors. The private rented sector in North Herts is relatively small and unable to absorb large increases in demand. Consequently rents in the private sector have generally increased year on year for most property types in the district²⁰.
- 2.19 Table 1 illustrates current average private sector rents in the district and compares them with the Local Housing Allowance (Housing Benefit) available for tenants in privately rented accommodation.

¹⁹ ONS (2018) *Ratio of house price to residence-based earnings*.

²⁰ Valuation Office Agency (2018) *private rental market statistics*.

Table 1: Average monthly private sector rents in North Herts, September 2018

	Flat	House	Bungalow	LHA rate*
Studio/room	£554	£450	-	£312.17 (a)
1 bed	£725	£742	£750	£562.51
2 bed	£879	£976	£977	£693.46
3 bed	£875	£1173	£1750	£857.18
4 bed	£950	£1524	-	£1,097.81

Source: NHDC analysis of properties advertised on *rightmove.co.uk*

* For the Stevenage and North Herts broad rental market area.

(a) Shared accommodation rate – Housing Benefit for most single people aged under 35 is restricted to this rate regardless of whether they are in shared accommodation or not.

- 2.20 Over the years, and in common with areas across the country, LHA rates have not kept up with private sector rents in the district and there is now a significant shortfall between Housing Benefit payable and asking rents²¹. This has made the private rented sector particularly unaffordable for households who rely in whole, or heavily, on benefits.

Affordable housing

- 2.21 The Council no longer owns any affordable housing, having undertaken a large scale voluntary transfer of its stock to settle (formerly North Hertfordshire Homes) in 2003. settle is the largest provider of affordable housing in the district, owning almost 8,000 properties in North Herts, followed by Howard Cottage Housing Association which owns around 1,200 properties²². These providers are formally known as private registered providers of social housing (or RPs) and they are primarily housing associations. RPs are registered with and regulated by the Regulator of Social Housing. Appendix 2 provides details of RPs operating in the district.

²¹ Lister, S. (2016) *Mind the Gap: The Growing Shortfall Between Private Rents and Help with Housing Costs*, CIH. See also Rugg, J. & Rhodes, R. (2018) *The Evolving Private Rented Sector: Its Contribution and Potential*, University of York.

²² Homes and Communities Agency (2018) *Statistical Data Return 2017-2018*.

- 2.22 Affordable housing completions in the district for the past five years are set out in table 2 below.

Table 2: Affordable housing completions in North Herts by tenure

	Social rent*	Affordable rent**	Intermediate***	Total
2013/14	28	8	22	58
2014/15	19	15	16	50
2015/16	5	17	15	37
2016/17	10	45	39	94
2017/18	0	37	41	78

Source: NHDC data

*Social rented housing has rent levels set by a national rent regime and is typically set at around 50/60% of market rates

**Rent levels for affordable rented properties can be set up to 80% of market rates

***Intermediate products include shared ownership and intermediate rented units

- 2.23 The Council, as one-half of the North Hertfordshire Housing Partnership, does however retain responsibility for managing and administering the waiting list for affordable housing (the Common Housing Register) and the choice based lettings scheme through which homes are allocated. The Partnership's Common Housing Allocation Scheme²³ sets out who can apply for affordable housing in the district and how affordable housing is allocated.
- 2.24 There is a constant level of high demand for affordable housing in the district. There are currently just over 2,100 households waiting for affordable housing, the vast majority for general needs accommodation. Table 3 provides waiting list figures, broken down by size of property required and preference (priority) band. Households are awarded a preference band according to their housing needs, with Band A awarded for those with the greatest housing needs. Appendix 3 provides more information about preference bands.
- 2.25 Whilst just over half of the general needs affordable housing stock has three or more bedrooms²⁴, the vast majority of demand (87%) is for smaller property sizes, as table 3 illustrates.

Table 3: Live applications by size of property required

	1 bed	2 beds	3 beds	4+ beds	Total
Band A	139	18	0	3	160
Band B	111	278	121	54	564
Band C	928	388	76	12	1,404

²³ <https://www.north-herts.gov.uk/home/housing/common-housing-register>.

²⁴ Homes and Communities Agency, 2017.

Total	1,178	684	197	69	2,128
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Source: NHDC data as at 21/11/18

2.26 Table 4 illustrates, for those households receiving an affordable housing let in 2017/18, the average waiting time on the Common Housing Register.

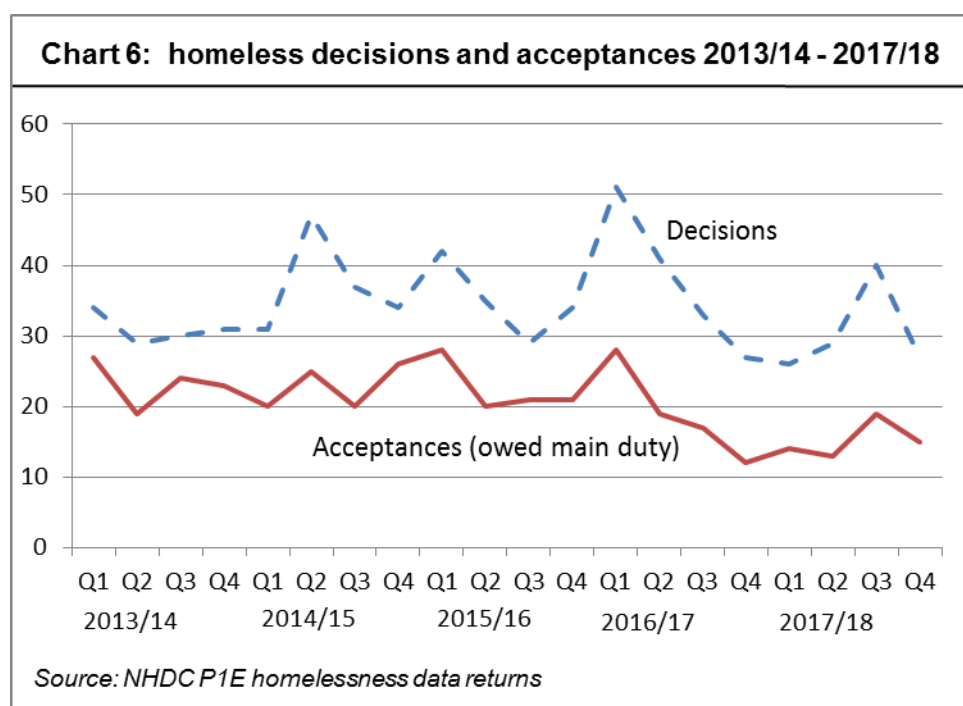
Table 4: Average waiting times in months, 2017/18 lets (general needs)

	Band A	Band B	Band C	All bands
1 bedroom flat	16	14	45	31
2 bedroom flat	-	18	59	22
2 bedroom house	3	32	-	31
3 bedroom house	-	21	-	21

(-) indicates that there were no lets of property in this grouping.

Homelessness

2.27 On average over the past five years, the Council has received homeless applications²⁵ from around 140 households a year, before the new homelessness duties under the Homelessness Reduction Act 2017 came into force²⁶. As chart 6 illustrates, the underlying trend in homelessness decisions has been fairly steady between seasonal fluctuations.



2.28 The Council accepted a duty to secure accommodation²⁷ (commonly known as the main housing duty) for around 50-60% of households over this time period; on average 80 households a year. The vast majority of these households will have been families with dependent children. Most recently, the number of main duty acceptances has been significantly lower (61

²⁵ On which the Council has made a decision under homelessness legislation.

²⁶ 3rd April 2018.

²⁷ For those households which are found to be eligible for assistance, unintentionally homeless and in priority need.

acceptances in 2017/18) since the peaks of 2013/14 – 2015/2016 (of around 90 acceptances).

- 2.29 By this measure, North Herts has one of the lowest incidences of homelessness of Hertfordshire authorities, with just over 1 household per 1,000 accepted as being owed the main housing duty. This compares with a national figure of 2.41 for England.
- 2.30 The Council also undertakes work - typically in partnership with local agencies - to prevent homelessness, helping households to remain in their homes or to find alternative accommodation. On average, the Council has prevented homelessness for over 180 households a year over the past five years (up to and including 2017/18). Table 5 below illustrates.

Table 5: Homelessness prevention activity

	2013/14	2014/15	2015/16	2016/17	2017/18
Households able to remain in existing home	110	104	56	79	85
Households assisted to find alternative accommodation	136	132	78	84	39

Source: NHDC P1E homelessness data returns

- 2.31 This prevention work has been brought under a statutory framework by the Homelessness Reduction Act 2017 and the Council has new duties to provide advice and assistance to all eligible households who are homeless or threatened with homelessness, regardless of priority need status. These are in addition to the existing accommodation duties for those owed the main housing duty.

3. MAXIMISING THE SUPPLY OF AFFORDABLE HOUSING

Key issues

- 3.1 Considerable housing growth is required in the district over the coming years in order to meet projected rates of population increase. This comes at a time when continuing high demand for housing in the district has led to worsening affordability issues for many home seekers.
- 3.2 Much of this housing growth will come in the private (market) sector, where the Council's remit is largely related to its planning responsibilities and enforcement of standards. However more affordable housing is also needed and here, the Council has an important role to play in ensuring both that the delivery of affordable housing is maximised *and* that it meets local housing needs.
- 3.3 Furthermore, we must also ensure that the district's *existing* supply of homes is used as effectively as possible – for example, by working to bring empty homes back into use and ensuring that the stock of affordable housing is used as efficiently as possible.

Meeting local housing need

- 3.4 There is a significant requirement for new homes – both private and affordable - in the district to meet identified local housing needs, as evidenced in the Stevenage and North Hertfordshire Strategic Housing Market Assessment (SHMA) documents²⁸, Neighbourhood Plans and any settlement or parish level surveys. The proposed Local Plan²⁹ for the district (which at the time of writing is undergoing examination) sets out a target to deliver at least 14,000 new homes over 2011-2031 in order to meet the identified needs of the district.
- 3.5 A significant proportion of this need is for affordable housing for those who do not have the means to access increasingly unaffordable market housing. The SHMA suggests that one-third of newly forming households in the district for example may require assistance with their housing. In order to meet the need for affordable housing, the Local Plan proposes to adopt the following targets for the delivery of affordable housing on new development sites:

Size of site (gross dwellings)	Target % of dwellings to be affordable
11-14 dwellings	25%
15-24 dwellings	35%
25 or more dwellings	40%

²⁸ ORS (2015) *Stevenage and North Hertfordshire Strategic Housing Market Assessment Update 2015*; ORS (2016) *SHMA Update Volume 2, August 2016* and ORS (2016) *Updating the Overall Housing Need*.

²⁹ Proposed Submission Local Plan 2011-2031 sets out targets for new homes, employment and retail development.

Affordable housing

- 3.6 Affordable housing refers to a range of housing products, from social rent (usually set at around 50% of market rents) to a variety of low-cost home ownership products such as shared ownership and equity loans. The Local Plan, based on findings from the SHMA, proposes a tenure split of 65% rented tenures (social and affordable rent) and 35% other 'intermediate' tenures.
- 3.7 In addition to affordable housing delivery from private (section 106) sites, the Council also works with registered providers, where funding is available, to bring forward other affordable housing sites on an ad hoc basis, including in rural areas where affordability issues can be particularly problematic.
- 3.8 The definition of affordable housing for planning purposes has recently been revised by the National Planning Policy Framework 2018 (see Appendix 4). This definition now includes the recently launched Starter Homes product, which can be offered for sale at up to 80% of open market value, and discounted market sales housing.
- 3.9 Given the strength of local house prices, it is imperative that we ensure that affordable housing products (especially those that are linked to open market values) remain genuinely affordable to local people whilst recognising that registered providers' business models often require a greater variety of products to be offered.
- 3.10 The Council's newly refreshed Tenancy Strategy (see Annex 1) provides guidelines to registered providers operating in the district when determining tenancy matters, including the letting of properties at affordable rent.

Housing for older people and vulnerable households

- 3.11 The number and proportion of older residents in North Hertfordshire is forecast to increase substantially over the period up to 2031³⁰. The number of people aged 65 or over is predicted to increase by 13,000 over 2011-2031, representing over half of the total increase in the district's population over this period. The largest growth is in the group of residents aged 85 and over, which is forecast to double in numbers over the period.
- 3.12 Many older people will carry on living healthy lives long into their old age, and will be able to live in their own homes with a minimum of support. However, others may require specialist (supported) housing or more formal support to remain living independently.
- 3.13 Specialist, or supported, housing may also be required by people of all ages who have physical, mental health or learning difficulties or who have alcohol or substance misuse issues or who are fleeing domestic violence. Supported housing is also available to young people leaving care and setting up new tenancies.
- 3.14 Whilst the provision of supported housing is primarily a Hertfordshire County Council function, the Council works with the County Council and registered

³⁰ ORS, Strategic Housing Market Assessments.

providers to enable the provision of supported housing schemes in the district to ensure that needs are met.

Under-occupation

- 3.15 It is estimated that just over half of the district's affordable homes are under-occupied, mostly by couples (both of pensionable age and younger) who no longer have children living with them³¹. Households under-occupying an affordable property are currently given high priority on the Common Housing Register, however the lack of attractive alternative housing options and other barriers are limiting the success of this measure.
- 3.16 Under-occupation is clearly not an efficient use of affordable homes in our district. However, the mis-match between supply and demand of affordable homes (with a much greater supply of three bedroom properties but a greater demand for smaller properties) means that reducing under-occupation will put even more pressure on the district's stock of smaller properties.

Self build

- 3.17 Self-build provides another route into home ownership. The Self-Build and Custom Housebuilding Act 2015 places a duty on local authorities in England to keep and have regard to a register of people who are interested in acquiring serviced plots for self-build or custom build projects in their area. This register will help inform the Council of the level of demand for such plots in North Herts.
- 3.18 There are currently 195 households³² on the Council's self-build register.
- 3.19 The proposed Local Plan helps to address this demand by requiring 56 plots to be reserved for self-builders on specified Strategic Housing Sites. Where appropriate, local demand will be considered on a site-by-site basis, having regard to the Council's self-build register.

Empty homes

- 3.20 Homes can become empty for a number of reasons, the commonest being whilst they are being sold or re-let, although in such situations, they will normally only be empty for a short time. There may also be cases where properties may be empty for significantly longer, usually until the underlying reasons for the property being empty are resolved i.e. probate is granted, the property is renovated following fire or a flood etc. However, there are also instances where properties are left vacant for no obvious good reason. Not only is this an unacceptable waste of a resource when demand for homes is so high, it can also have additional adverse consequences by affecting the quality of life of neighbouring residents, as well as indirectly facilitating anti-social behaviour in the locality.
- 3.21 North Hertfordshire does not have a major problem with empty homes but there are a relatively small number of known properties that have been empty for a long period of time. There are around 100 long term empty properties on the Council's empty property database.

³¹ Anna Clarke et al (2011) *Under-occupation in North Hertfordshire*.

³² As at 27th November 2018.

Priorities

Maximise delivery of affordable housing to meet local needs

3.22 There is continuing high demand for affordable housing in North Herts due to affordability issues in the private sector and the small size of our private rented sector. We will work to ensure that new affordable housing delivery is maximised *and* that it is of the size, type and tenure and in the right location to meet local housing needs:

- we will negotiate with developers to deliver maximum viable affordable housing on new build sites that meets local needs;
- we will review and update our guidance on planning obligations (the Planning Obligations Supplementary Planning Document), which will include how affordable housing is secured and how viability is dealt with during the planning application process;
- we will support registered providers' efforts, such as accessing funding streams, to deliver new affordable housing.

Genuinely affordable homes

3.23 The Council is already aware that intermediate affordable housing products such as shared ownership are becoming less affordable for local people, especially in rural areas where open market prices are generally highest³³. This, coupled with the new wider definition of affordable housing for planning purposes, means that we need to undertake new research to determine which affordable housing products are genuinely affordable to local people across the district and more broadly, to review housing needs in North Herts.

3.24 We will use the results of this research to update our Tenancy Strategy as appropriate to ensure it reflects current needs. We will also review how people are signposted to affordable housing products and if necessary, explore better ways of doing this, working with local registered providers where possible.

3.25 In order to ensure the vitality and sustainability of our rural areas, young people need to be able to remain living in their local areas if they wish to. We will continue to work with the Community Development Action, parish councils and registered providers to identify housing needs in rural areas and bring forward new housing as appropriate through a programme of rural housing needs surveys.

³³ Department for Environment, Food & Rural Affairs (2018) *Rural housing availability and affordability*.

Providing housing for older people and those with support needs

- 3.26 The proposed Local Plan includes provision for self-contained accommodation with modest levels of care within the overall housing delivery figures. It also sets out requirements for the provision of sheltered and supported housing (and specifically so on larger development sites) and requirements for accessible and adaptable housing. We will support the provision of such age appropriate accommodation built to good design in new developments.
- 3.27 We will also continue to work with key stakeholders, including Hertfordshire County Council and local registered providers, to assess the accommodation needs of residents who require greater levels of care and support and to ensure that their needs are met.

Reducing empty homes

- 3.28 We will develop a process for tackling empty residential properties and set a target for bringing properties back into use as part of the annual service planning process.

Ensuring affordable housing is allocated to those in most need

- 3.29 Given the continual pressure on affordable housing in the district, it is important to ensure that our allocations policy remains pertinent and a fair and efficient means of ensuring that affordable housing is allocated to local households in most need. We will review our policy to ensure that it continues to do so.
- 3.30 We are also keen to work with local registered providers to consider how local affordable housing can be used as efficiently as possible, for example issues around under-occupation.

4. IMPROVING STANDARDS OF HOUSING

Key issues

- 4.1 Much of the focus on housing in recent years has understandably been on increasing the supply of housing because demand so far exceeds supply. However, in terms of the existing housing stock, there are a range of issues that the Council has duties to consider and powers to intervene in.

Reviewing housing conditions

- 4.2 The Council has a duty to review housing conditions in the district. The last full survey was undertaken in 2007. A data analysis exercise drawing on a variety of different datasets was undertaken in 2015³⁴ as this was considered to be the most cost effective method of providing up to date information on housing conditions.
- 4.3 The Council has a reasonable understanding of the nature of the stock and key issues, which can help inform where it is appropriate for the Council to target its resources and intervene for the benefit of residents in the district. There are no particular areas in the district where there are clusters of poor housing, rather the issue of poor conditions tends to be individual properties that need attention.
- 4.4 The quality of housing is an important factor in any consideration of public health issues in an area; bad housing conditions constitute a risk to the health of the occupants of such housing and contribute to health inequality³⁵. For example, cold housing is believed to be the main reason for 'excess winter deaths' that occur each year between December and March.

Disrepair and hazards in housing

- 4.5 The Housing Health and Safety Rating System is the established process for assessing hazards in homes that could result in injury or affect the health of the occupants. Identifiable hazards are classified as Category 1 or Category 2 hazards. Local authorities are under a duty to take action in respect of the more serious Category 1 hazards and may also deal with Category 2 hazards. The Council receives around 300 housing related complaints a year about a variety of issues.
- 4.6 The majority of landlords are responsible and maintain their properties well, addressing any defects that arise from time to time. However, the Government has become very concerned about evidence of a minority of landlords who wilfully allow poor and often dangerous housing conditions to continue. These landlords are commonly termed 'rogue landlords', although a better term might be criminal landlords. The Government has given a range of new powers to local authorities to facilitate more effective and rapid action in such situations.

³⁴ Cambridge Centre for Housing & Planning Research (2015) *Private sector housing in North Herts: a secondary data analysis*.

³⁵ Report of the Marmot Review (2010) *Fair Society, Healthy Lives*.

Houses in multiple occupations (HMOs)

- 4.7 HMOs are an important part of the housing stock. There are around 100 known HMOs in the district but it is likely that the actual number is higher. Some of this accommodation is of a very high standard but there are potential risks due to the high density and sharing of facilities that can lead to serious problems if such properties are not adequately managed. Therefore, in 2004 the Government required that HMOs of three storeys or more and with five or more occupiers should be licensed with the local authority.
- 4.8 North Hertfordshire has had around 30 such licensed HMOs. From October 2018, the Government removed the storey requirement which means that any HMO with five or more people must be licensed. At the time of writing, this legislative change had only recently been implemented so it is not known how many additional properties will require licensing.

Energy efficiency

- 4.9 Poor energy efficiency (a specific focus of the 2015 analysis into private sector housing in the district) is linked to excess winter deaths, rates of which appear to be higher than average in North Hertfordshire. As well as its public health implications, poor energy efficiency also leads to increased carbon dioxide emissions. Nationally, in 2017, the residential sector accounted for 17% of all carbon dioxide emissions³⁶. Local councils are also under a duty to prepare biennial energy conservation reports.
- 4.10 The Council has been collaborating with Hertfordshire County Council and the other district and borough councils in Hertfordshire through the Herts Warmer Homes project to access Energy Company Obligation (ECO) funding to deliver energy efficiency measures for the benefit of residents.

Adapting properties with regard to the needs of occupiers

- 4.11 As well as the basic issues of homes needing to be in good repair, free from hazards and capable of being at a reasonable temperature, they also need to reflect the specific needs of their occupiers. Grants for adapting homes for people with disabilities are mandatory, subject to a means test. The Council has for many years supported this duty by making adequate funding available. Since 2016/17, central government funding for disabled facilities grants was increased significantly meaning that the Council has not been required to contribute to this budget since.
- 4.12 The Council entered into a partnership with the County Council and four other district and borough councils to establish the Hertfordshire Home Improvement Agency from 1 October 2017. This partnership aims to deliver more efficient and enhanced services to residents.

³⁶ BEIS (2017) *UK Greenhouse gas emissions, provisional figures*.

Park homes

- 4.13 Park homes are a small but important alternative part of the housing sector. All park home sites are required to be licensed; a licence can only be obtained once planning permission has been given for a park home site. The Council has sought to promote good standards on park home sites over the years. All sites are periodically inspected and the Council adopted new model standards in December 2013.

Priorities

Dealing with disrepair, Category 1 hazards and criminal landlords

- 4.14 We will make use of the full range of enforcement tools including rent repayment orders and civil penalties. Any enforcement action will be taken in line with the Council's corporate enforcement policy.
- 4.15 We will vigorously tackle harassment and illegal eviction.
- 4.16 We will support owner occupiers to undertake basic repairs and improvements by making available home repair assistance grant (HRAG) subject to specified eligibility criteria and budget being available.

Managing houses in multiple occupation

- 4.17 We will seek to ensure that all HMOs that require licensing are licensed.
- 4.18 We will revise and update the Council's HMO policy periodically and use this to ensure that good standards are achieved in all licensed HMOs.

Energy efficiency

- 4.19 We will seek to access funding to enable owners and occupiers to achieve reasonable standards of thermal efficiency and reduce fuel poverty.
- 4.20 We will make use of HRAG funding to support owner occupiers to undertake basic energy efficiency improvements where ECO funding is not available.
- 4.21 We will investigate the underlying causes behind the higher excess winter death rates in North Hertfordshire and consider what steps can be taken to improve the situation.

Adapting properties with regard to the needs of occupiers

- 4.22 The Council will improve the information that is available on its website to outline options for obtaining assistance towards smaller or urgent adjustments to enable people to remain in their home.

5. PREVENTING AND MANAGING HOMELESSNESS

Key issues

- 5.1 The Council has a duty to review homelessness in the district and to formulate a homelessness strategy based on the results of that review. The government's Rough Sleeping Strategy published in August 2018 further introduces the requirement that all local authorities explicitly consider how to tackle the problem of rough sleeping, producing homelessness and rough sleeping strategies by winter 2019.
- 5.2 This section of the Housing Strategy is our **Homelessness and Rough Sleeping Strategy for 2019 -2024**. It sets out a strategy³⁷ for:
- preventing homelessness in North Hertfordshire;
 - securing that sufficient accommodation is available for local homeless households; and
 - securing support for local households who are or may become homeless.
- 5.3 Our Homelessness and Rough Sleeping Strategy complements the Hertfordshire Health and Wellbeing Strategy 2016-2020 which includes as one of its objectives, tackling homelessness and its underlying causes.
- 5.4 A review of homelessness in North Hertfordshire was carried out in December 2018 and is published separately on the Council's website. The review provides detailed information about current levels of homelessness in the district, the causes of homelessness and those most at risk from homelessness, likely future challenges and the resources, support and accommodation available to support the prevention and management of homelessness.

Lack of affordable accommodation

- 5.5 Problems around the affordability of housing in the district are detailed in our Housing Strategy and are repeated in the findings of the homelessness review. High market rents, the freezing of Local Housing Allowance levels at 2016 rates and continued high demand for affordable housing make it difficult for local households on low incomes to solve their own housing difficulties.
- 5.6 Loss of private rented accommodation continues to be one of the main reasons for homelessness in the district, mainly because landlords are seeking to sell the property or to re-let it. Table 6 sets out numbers of approaches to the Council for advice and assistance by the most common reasons for homelessness, and also presents these as a percentage of total approaches.

³⁷ As specified under section 3(1) of the Homelessness Act 2002.

Table 6: Approaches to NHDC: most common reasons for homelessness ⁽¹⁾

	2016/17	2017/18	2018/19*
<i>Total approaches for housing advice and homelessness assistance</i>	945	1,101	871
Parents/family no longer willing to accommodate	183 (31%)	117 (30%)	123 (21%)
Loss of private rented sector accommodation (a)	115 (19%)	67 (17%)	79 (13%)
Relationship breakdown (non-violent)	71 (12%)	41 (11%)	90 (15%)
Relationship breakdown (violent)	46 (8%)	52 (13%)	66 (11%) (b)

(1) reasons for homelessness are not recorded for all cases, for example where general housing advice only is provided. Percentages are of known totals.

* Data for first two quarters only.

(a) termination of assured shorthold tenancy.

(b) now recorded as domestic abuse.

- 5.7 The homelessness review reports that households on low incomes are struggling to maintain tenancies in the private rented sector due not just to high rent levels, but also due to benefit sanctions, delays or welfare cuts. Households with benefit difficulties often have wider debt issues, with unaffordable levels of debt repayment, which compounds their inability to afford rent on their homes and puts them at risk of repeat homelessness.
- 5.8 Poverty and financial pressures were also felt to contribute to family and relationship breakdown and domestic abuse which are also important reasons behind homelessness, as table 6 illustrates.
- 5.9 The continued roll out of Universal Credit (which came into effect for new claims in North Hertfordshire from October 2018) is likely to be a significant risk factor for future levels of homelessness in the district. Landlords continue to be risk averse to renting to those in receipt of benefit and there is currently significant mistrust around the administration of Universal Credit in particular. The homelessness review highlights that North Hertfordshire is a “landlords’ market” with landlords able to select the tenants they prefer, which generally will be those in steady employment with a good credit and tenant history.

Young people

- 5.10 Over 40% of people approaching the Council for advice and assistance are aged under 35³⁸. A significant minority – 15% - of people approaching the Council are aged 18-24.
- 5.11 In areas such as North Hertfordshire, where affordable housing is scarce, young people are having to remain living in the family home for longer, which can be a source of tension and conflict, as well as overcrowding. Half of 18-24 year olds say that they are being made homeless because family are no

³⁸ Age of main applicant, for the first half of 2018/19. These figures are for individual households, not cases, and thus take account of repeat approaches.

longer able or willing to house them, and just under half of these applicants have dependent children.

- 5.12 Accommodation options for young people are even more limited, with most single people aged under 35 only entitled to sufficient housing benefit to cover the cost of a privately rented room in shared accommodation. Table 1 illustrates the extent of the divergence between the shared accommodation rate and current private rents for rooms in shared properties.
- 5.13 Future uncertainty around benefit entitlement for young people, a limited supply of shared accommodation and private landlords' continuing reluctance to rent to young people, especially those in receipt of benefit, mean that affordable housing options are likely to continue to remain extremely limited for this age group.

Single homeless people

- 5.14 Over half of households who contact the Council for advice or assistance are single people or childless couples³⁹. In the first half of 2018/19, this group made up 60% of total approaches and 56% of cases where a prevention or relief duty was commenced.
- 5.15 The homelessness review reports that single homeless people are found to be increasingly presenting with multiple support needs, including mental health issues and drug and alcohol addictions. Despite having complex needs, many of these single applicants will not meet the definition of vulnerability required to have a priority need⁴⁰, and therefore to be owed an accommodation (main housing) duty by the Council. Figures on homelessness decisions show that over the past five years, up to and including 2017/18, the number of (single) households who were deemed to be homeless but not in priority need has increased fourfold.
- 5.16 Accommodation options within the district for single homeless households are currently limited and particularly so for those with complex needs. There is one homeless hostel in the district, but this is for male clients only and accommodation is dormitory style, which imposes restrictions on the types of clients with complex needs that can be accepted. Space in the building is also limited, meaning that it is not possible to provide a full suite of on-site support. There are also a few emergency units for young people in the district, which are limited to short-term stays. The Council can make referrals to a modern, purpose-built hostel across the district border, in Stevenage, but vacancies are not always immediately available.

Rough sleeping

- 5.17 The Government has pledged to end rough sleeping for good by 2027. Levels of rough sleeping have historically been very low in North Herts, as measured by official rough sleeping counts. The latest count for 2018 recorded ten rough sleepers in the district. However, these counts are widely

³⁹ These are commonly grouped together and referred to as 'single' applicants in homelessness parlance.

⁴⁰ Definition and guidance on determining priority need is set out in homelessness legislation, associated regulations and the Code of Guidance for Local Authorities 2018.

believed to underestimate the true picture, providing only a single night snapshot of the true picture.

- 5.18 Rough sleeping has visibly increased in the district in recent years, particularly in Hitchin town centre, with some associated problems with anti-social behaviour. A joint review with the Hertfordshire Constabulary and Stevenage Haven in 2017 identified 13 individuals sleeping rough in the district.
- 5.19 The ongoing effects of welfare reform and the continuing scarcity of affordable housing mean that rough sleeping is likely to remain a district wide challenge for the foreseeable future.

The impact of the Homelessness Reduction Act

- 5.20 The Homelessness Reduction Act 2017 has introduced significant new duties on the Council to assist all eligible applicants who are homeless or threatened with homelessness, a much broader group than previously. (It is important to note however that these new duties do not require the Council to actually secure accommodation for applicants; the duty to secure accommodation remains only for those in priority need).
- 5.21 Early analysis of caseload data suggests that caseloads are significantly higher for April to September 2018, following enactment of the Act, compared with the same periods in the previous three years. Further analysis will be required to also review the impact of the new duty on public bodies to refer people they believe may be homeless or threatened with homelessness to a housing authority of their choice. This duty came into effect on 1st October 2018.
- 5.22 Furthermore, initial indications suggest that slightly more households are approaching the Council when already homeless, compared to those who are threatened with homelessness. Of 280 assessments of applicants' circumstances and needs that the Council carried out over April - September 2018, 131 were already homeless compared to 113 who were threatened with homelessness.

Priorities

Prevention

- 5.23 Over the years, the Council has developed a range of prevention measures which we believe are best matched to helping households facing homelessness in North Hertfordshire. Much of this activity is carried out in partnership with local agencies, and this is detailed in our homelessness review. It is clear that, given the continuing challenges detailed in the previous section, this important work needs to continue and to be built upon.
- 5.24 The Council has always recognised the importance of prevention work in the provision of our homelessness services. However, the Homelessness Reduction Act has placed new requirements on us and required new ways of working which we will need to continue to develop and fine tune. We propose to undertake a detailed review of the Act's impact on our homelessness

service and outcomes for our clients once the Act has been in operation for a full year. This will then be used to inform decisions about the deployment of resources.

Improving advice and information sharing

- 5.25 The Council works with many local agencies which provide expertise, advice and support to those at risk of homelessness. We value their work tremendously and wish to make full use of this resource, for example, by ensuring that the role and work of local agencies is fully harnessed within personalised housing plans.
- 5.26 Indebtedness has been identified as a key underlying reason behind many housing difficulties and we will encourage local organisations to refer those with debt issues to specialist agencies such as Citizens Advice.
- 5.27 We also need to ensure that our partners and customers understand the Council's new duties, and the resources available to us, so that all parties can work together to effectively prevent homelessness without unrealistic expectations.

Early identification

- 5.28 Many households are still waiting until they reach crisis point before they approach the Council for assistance, meaning that it is often too late for prevention measures to be effective. The Council already works closely with relevant agencies to identify households at risk of homelessness and to provide early intervention in the form of accommodation and support plans for care leavers and young people and most recently, support to help victims of domestic abuse to remain safely in their homes.
- 5.29 The Council will work to engage with other agencies, especially those specified under the new duty to refer, to encourage early referrals for other client groups and to develop the necessary working arrangements for successful early identification and intervention. We will also aim to work more closely with local housing providers to intervene at an earlier stage when tenancies are showing signs of breaking down.

Pre-crisis intervention

- 5.30 Family and relationship breakdown are two of the main causes of homelessness in the district. The Council already works with Herts Young Homelessness to provide mediation services and advice and support for young people; we will consider whether similar services are required for a wider client group.
- 5.31 We will continue to use Discretionary Housing Payments, which have been successful in helping clients to sustain tenancies, as well as helping with access to private rented housing (e.g. help with deposits).

Ensuring a sufficient supply of accommodation

- 5.32 A shortage of affordable accommodation in the district is the underlying reason behind much of the homelessness in North Hertfordshire. Chapter 3 of the Housing Strategy sets out how we propose to maximise the supply of affordable housing in the district and this will also be a key pillar of this Homelessness and Rough Sleeping Strategy. Additional measures that we will undertake are set out as follows.

Improving access to the private rented sector

- 5.33 The private rented sector is increasingly a valuable source of accommodation, especially for those households who do not qualify for affordable housing in the district (for example, because of debt or criminal records). However, access to the sector is heavily dependent on properties being available, the willingness of landlords to accept households on benefits and funds being available through the local credit union. In recent years, the Council has had less success in preventing homelessness by helping people to find alternative accommodation, largely due to reduced availability of private rented properties (see table 5).
- 5.34 In response, the Council has recently appointed a dedicated officer with responsibility for sourcing and maintaining a supply of private rented accommodation. Early indications are that this is working well; we will continue to work to develop links with local landlords and to consider the provision of support for tenancy sustainment if there is a need for this given the continuing risks posed by welfare reform measures.

Access to affordable housing

- 5.35 The Common Housing Allocation Scheme provides reasonable preference to people who are homeless or who are owed specific homelessness duties as set out in legislation. Around two thirds of households to whom the Council has accepted a main housing duty will be accommodated via a social housing tenancy. It is also an important prevention tool, encouraging young households in particular to remain in the family home and bid for affordable housing rather than approaching the Council as homeless. We will monitor the allocations scheme to ensure that it continues to be sufficiently focused on homelessness prevention and that it is in tune with the requirements of revised homelessness legislation.
- 5.36 Housing options for young people are particularly limited, including in the affordable housing sector, where smaller properties are in high demand. We will explore with local registered providers the feasibility of converting a small number of family houses to shared accommodation to house young people moving on from hostels or at risk of homelessness.

Accommodation for single homeless

- 5.37 Accommodation for single homeless people in the district is currently limited. We will work with local partners to improve the accommodation provision for this client group and especially for those with complex support needs.

Temporary accommodation

- 5.38 The Council has a sufficient supply of good quality temporary accommodation, provided by settle housing (formerly known as North Hertfordshire Homes, to whom the Council transferred its housing stock in 2003). However we need to ensure that it is continuing to be used efficiently and appropriately given the new requirements of the Homelessness Reduction Act. We will review how best to use the district's stock of temporary accommodation, exploring how it can be used more flexibly, and to house a wider range of homeless households, and identifying any barriers to moving on to settled accommodation.

Securing the provision of support

- 5.39 Many households who are at risk of homelessness or who are homeless require short term or ongoing support to prevent them from becoming homeless again. This may be housing related support to help them sustain their accommodation or personal support relating to factors such as relationship breakdown, domestic abuse, debt and addiction problems. The homelessness review provides full details of the support services available locally.
- 5.40 The effects of continued welfare reform and increasing numbers of households with less secure private rented sector tenancies mean that support for homeless households and those at risk of homelessness is likely to have an increasingly important role to play in homelessness prevention. The review identifies a need to provide coordinated information about who provides support to different client groups; at present this is provided by several different agencies, not all of which are known to all potential referral agencies. We will work to address this.
- 5.41 We will also explore ways of increasing the provision of the range of support services across more client groups, particularly those with complex needs.

Rough sleeping

- 5.42 The Council has used funding made available following the Homelessness Reduction Act to procure an outreach and resettlement service for rough sleepers in the district. This is provided by Stevenage Haven and will run for two years.
- 5.43 The project provides support tailored to the individual needs of the client, encouraging them to engage with specialist services and utilising Haven hostel accommodation to get people off the street initially. Clients are supported during and after moves into independent accommodation to ensure sustainable outcomes. To date, in the first half of 2018/19, 24 individuals have been engaged with the project.
- 5.44 We will review the outcomes of the project on its completion and consider whether further provision is required thereafter and what form this might take.

Appendix 1: Key housing partners

Black Squirrel Credit Union
Citizens Advice
Community Development Action
District parish councils
East and North Herts NHS Trust
Families First
Help to Buy East & South East
Helping Herts Homeless
Hertfordshire Constabulary
Hertfordshire County Council
Hertfordshire Home Improvement Agency
Hertfordshire Independent Living Service
Hertfordshire local authorities
Herts Young Homeless
HM Prison Service
Homefinder
Homeswapper
Homes England
JobCentre Plus
Letchworth Garden City Heritage Foundation
Local landlords and letting agents
Registered providers
North Herts Minority Ethnic Forum
Probation Service
Resolve Hertfordshire
Safer Places
Stevenage Against Domestic Abuse
Stevenage Haven
Supporting Herts
The Homeless Hub
The Salvation Army
Turning Point

Appendix 2: Registered Providers owning affordable housing stock in North Hertfordshire

	General needs	Housing for older people	Supported Housing	Total
Advance Housing and Support Limited	-	-	8	8
Aldwyck Housing Group Limited	158	-	22	180
Ashwell Housing Association Limited	10	-	-	10
Clarion Housing Association Limited	343	24	-	367
Notting Hill Genesis Limited	6	17	53	76
Habinteg Housing Association Limited	8	-	6	14
Hanover Housing Association	-	30	-	30
Hightown Housing Association Limited	93	-	-	93
Home Group Limited	187	-	4	191
Housing & Care 21	-	22	-	22
Howard Cottage Housing Association	1,068	136	8	1,212
'Johnnie' Johnson Housing Trust Limited	-	49	-	49
Metropolitan Housing Trust Limited	10	-	21	31
settle (formerly known as North Hertfordshire Homes Limited)	7,157	687	82	7,926
Notting Hill Genesis Home Ownership Limited	-	-	-	0
Origin Housing Limited	88	-	24	112
Paradigm Homes Charitable Housing Association Limited	10	-	-	10
Places for People Homes Limited	5	-	-	5
Reside Housing Association Limited	-	-	8	8
Sanctuary Housing Association	98	-	-	98
St Mungo Community Housing Association	-	-	5	5
Stonewater Limited	119	-	-	119
The Guinness Partnership Limited	146	-	-	146
The Papworth Trust	-	-	22	22
Thrive Homes Limited	2	-	-	2
TOTAL	9,508	965	263	10,736

Source: Homes and Communities Agency (2018) Statistical Data Return 2017-2018.
Records low cost rental properties located in North Hertfordshire and owned by registered providers.

Appendix 3: Preference bands within the Common Housing Allocation Scheme

Applicants accepted on to the Common Housing Register are assessed and awarded preference (priority) according to their housing needs and placed in the appropriate preference band, details as below. For full details about how affordable housing is allocated in the district, please refer to the Common Housing Allocation Scheme.

Band A - High Preference

High preference will be awarded where applicants or a member of their household:

- has been awarded high medical priority because of a high need to move due to a permanent medical condition or a disability and other remedies such as Disabled Facilities Grants have been investigated and eliminated;
- has an urgent need to move to provide care to a person who has a high medical priority because of a permanent medical condition or a disability or such a person needs to move to receive care and other remedies have been investigated and eliminated;
- is under-occupying social housing in the district;
- is a tenant of social housing in the district and has had their housing benefit entitlement reduced as a result of under-occupancy and they meet the criteria set out in the NHHP policy on under-occupation and housing benefit reduction;
- a senior officer of the NHHP has decided that a household has cumulative housing needs so great as to necessitate an urgent move;
- is a tenant of settle and is being permanently decanted from their home. In these circumstances, preference will be awarded for a limited period after which the NHHP will make a direct offer.

Band B – Medium Preference

Medium preference will be awarded where:

- a household has been accepted as unintentionally homeless and in priority need and is owed the main s193(2) housing duty by NHDC, unless they are placed in temporary accommodation which is designated for a special needs client group;
- the applicant needs to move and is vulnerable and cannot be expected to find their own accommodation and there is no other person in the household who could be expected to do so on their behalf;
- a member of the household has been awarded medium medical priority;
- there is a need to move to provide care to a person who has a medium medical priority because of a permanent medical condition or a disability or such a person needs to move to receive care and other remedies have been investigated and eliminated;
- the applicant is in supported accommodation within the district, or has been placed in supported accommodation (whether within or outside the district) by NHDC, and is ready to move into general needs housing;
- households living in accommodation that is in such poor condition that it poses an unacceptable risk of accidents and/or ill health;

- households that include a dependent child or a vulnerable adult that require another bedroom according to the terms of the Common Housing Allocation Scheme;
- households living in self-contained one bedroom accommodation that include two children of the same sex under the age of 16, or children of the opposite sex under the age of 10;
- a household with children is living in bedsit/studio accommodation. Such households will be awarded preference for lacking two bedrooms, with additional preference given to those with more than one child;
- households with dependent children or a vulnerable adult sharing facilities with another household;
- the household is in social housing in North Herts that has adaptations which are not needed by the household;
- care leavers who have been assessed as ready for independent living, in accordance with the Hertfordshire Joint Housing Protocol.

Band C – Low Preference

Low preference will be awarded where:

- a household with no dependent children or vulnerable adults is sharing facilities with another household;
- a household is owed a duty, other than the main housing duty, by NHDC under homelessness legislation;
- a household has been accepted as unintentionally homeless and in priority need and placed in supported accommodation by NHDC but is not yet ready to move into general needs housing;
- a household that has been accepted as homeless or threatened with homelessness and in priority need by any local housing authority other than North Hertfordshire District Council;
- a household is owed a duty by NHDC under homelessness legislation but does not meet the qualifying criteria for joining the CHR;
- the applicant or a member of his or her household has been awarded low medical priority;
- there is a need to move to provide care to a person who has a low medical priority because of a permanent medical condition or a disability or such a person needs to move to receive care and other remedies have been investigated and eliminated;
- the household does not include children or vulnerable adults and they require another bedroom under the terms of the Common Housing Allocation Scheme;
- the household is occupying a property in which a bedroom is too small;
- single person households who have lived in a bed-sit or studio flat for three years within the district, as tenants, and wish to move to a one bedroom flat;
- children under the age of 6 or pregnant women are living in flats above the ground floor;
- children under the age of 11 who do not have access to a secure garden;
- there is a need to move to avoid hardship;
- households are in accommodation with limited security of tenure;
- the applicant is in an institution and has no suitable accommodation to return to;
- applicants are over 55 years of age with a support need and require sheltered housing/Retirement Living;
- looked after children and care leavers aged 16 and 17, in accordance with the Hertfordshire Joint Housing Protocol.

Appendix 4: National Planning Policy Framework definition of affordable housing

Taken from Annex 2 of the revised NPPF 2018, affordable housing is defined as follows:

“ **Affordable housing:** housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers); and which complies with one or more of the following definitions:

a) **Affordable housing for rent:** meets all of the following conditions: (a) the rent is set in accordance with the Government’s rent policy for Social Rent or Affordable Rent, or is at least 20% below local market rents (including service charges where applicable); (b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider); and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision. For Build to Rent schemes affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as Affordable Private Rent).

b) **Starter homes:** is as specified in Sections 2 and 3 of the Housing and Planning Act 2016 and any secondary legislation made under these sections. The definition of a starter home should reflect the meaning set out in statute and any such secondary legislation at the time of plan-preparation or decision-making. Where secondary legislation has the effect of limiting a household’s eligibility to purchase a starter home to those with a particular maximum level of household income, those restrictions should be used.

c) **Discounted market sales housing:** is that sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households.

d) **Other affordable routes to home ownership:** is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes shared ownership, relevant equity loans, other low cost homes for sale (at a price equivalent to at least 20% below local market value) and rent to buy (which includes a period of intermediate rent). Where public grant funding is provided, there should be provisions for the homes to remain at an affordable price for future eligible households, or for any receipts to be recycled for alternative affordable housing provision, or refunded to Government or the relevant authority specified in the funding agreement. ”

ANNEX 1

NORTH HERTFORDSHIRE DISTRICT COUNCIL TENANCY STRATEGY

1. Introduction

- 1.1 North Hertfordshire District Council, as the local housing authority, has a duty to prepare and publish a Tenancy Strategy⁴¹.
- 1.2 The purpose of the Tenancy Strategy is to set out the high level objectives which registered providers of social housing (RPs) operating in the district need to have regard to in formulating their own policies on tenancies. Specifically, the Tenancy Strategy provides guidance to RPs relating to:
 - the types of tenancies they will grant;
 - the circumstances in which different types of tenancies will be granted;
 - where fixed-term tenancies are granted, the length of the fixed term and the circumstances in which a further tenancy will be granted when the fixed term expires.
- 1.3 This is our second published Tenancy Strategy and replaces our 2012 Tenancy Strategy. The Strategy has been developed in conjunction with our Housing Strategy 2019-2024 and supports and contributes towards the priorities contained therein, specifically:
 - maximising the delivery of affordable housing to meet local needs
 - providing genuinely affordable homes
 - ensuring affordable housing is allocated to those in most need
 - supporting the prevention and management of homelessness
- 1.4 The Tenancy Strategy also takes into consideration and supports: the North Hertfordshire Common Housing Allocation Scheme; our proposed submission Local Plan for 2011-2031; and North Hertfordshire Partnership's Sustainable Community Strategy 2009-2021.
- 1.5 The Council recognises that we need to work with local RPs and other partners to achieve our objectives. We are therefore keen to promote open and early dialogue about any issues arising from this Strategy.
- 1.6 We will review this Tenancy Strategy on an annual basis or in response to legislative or policy changes.

⁴¹ Localism Act 2011 section 150.

2. Background

Housing tenure reform

- 2.1 The Localism Act 2011 introduced significant reform to social housing tenure, introducing the ability for registered providers, should they choose, to offer tenancies for a fixed term to new tenants with effect from 1st April 2012. The Act also introduced an Affordable Rent model which enables providers to set rent at up to 80% of local market rents on both a proportion of their existing re-lets and on new build properties.
- 2.2 The stated aims of the reforms were to enable more targeted use of the available social housing stock to help households that are most in need and to increase the funding available for new affordable housing. Over- and under-occupation in particular were seen to be persistent problems that could be eased by allowing RPs to offer shorter tenancies to households that may be able to move on in the future through other housing options, thus freeing up more social housing.
- 2.3 Prior to this reform, registered providers were required to offer tenants the “most secure” form of tenancy, meaning the majority of tenants were offered assured tenancies, in effect lifetime tenancies. The revised regulatory framework for social housing brought about by the Localism Act removes this requirement, replacing it with a requirement that RPs offer tenancies or terms of occupation which, “are compatible with the purpose of the accommodation, the needs of individual households, the sustainability of the community, and the efficient use of their housing stock⁴².”
- 2.4 It is important to note that the regulatory framework also requires that registered providers “shall grant those who were social housing tenants on the day on which section 154 of the Localism Act 2011 came into force, and have remained social housing tenants since that date, a tenancy with no less security where they choose to move to another social rented home, whether with the same or another landlord. (This requirement does not apply where tenants choose to move to accommodation let on Affordable Rent terms)”.
- 2.5 Registered providers are required to publish a tenancy policy which sets out their approach to specified areas of tenancy management⁴³.

3. Use of fixed-term tenancies

- 3.1 The Council recognises that fixed-term tenancies can help to ensure that affordable housing is available for those who need it most. This is an important consideration in areas such as North Herts where the private housing sector is unaffordable for many and the demand for affordable housing is consistently high. Our Housing Strategy provides more detail about the circumstances in our district.
- 3.2 However the Council firmly believes that these considerations need to be balanced against the benefits that security of tenure and stability provide for

⁴² Tenancy Standard from the Regulator of Social Housing’s Consumer standards.

⁴³ Ibid.

individual households, particularly our most vulnerable residents. These enable individuals to put down roots and create strong, stable and supportive communities.

3.3 The use of fixed-term tenancies can also have negative consequences beyond impacts on the individual and, crucially, may not be an effective tool for achieving their desired policy outcomes:

- the management of fixed-term tenancies (specifically tenancy reviews) imposes significant resource pressures on providers and can be a crude tool as renewal dates will rarely coincide with a change in tenants' circumstances. A government assessment suggests that tenure reform will not significantly increase the number of vacant homes available until the late 2030s⁴⁴;
- making tenure dependent on proof of continuing need for social housing could dis-incentivise tenants from seeking or taking up work;
- the use of fixed-term tenancies could undermine the sustainability of communities by increasing the transience and social exclusion of neighbourhoods, leading to increased pressure on housing management resources, to deal with neighbour disputes for example; and
- fixed-term tenancies can act as a barrier (actual or perceived) to mobility as people do not want to lose security of tenure.

3.4 Indeed, as our Housing Strategy references, there appears to be a new-found recognition within government of the key role that affordable housing has to play in building strong communities⁴⁵. Within the registered provider sector too, there are moves away from the use of fixed-term tenancies with research finding that they have not achieved their desired policy outcomes⁴⁶.

Specific recommendations for registered providers

3.5 The Council recommends that fixed-term tenancies are not used at all for the following groups:

- households requiring sheltered or flexicare accommodation;
- households requiring supported accommodation;
- households containing someone with a life-long, serious and life affecting condition; or
- households containing someone who is vulnerable owing to some other reason and whose long-term health or safety could be at risk if they are moved from their home and established support networks.

⁴⁴ Shelter (2012) *Local decisions on tenure reform: Local Tenancy Strategies and the new role of local housing authorities in leading tenure policy*.

⁴⁵ Ministry of Housing (2018) Communities & Local Government, *A new deal for social housing*.

⁴⁶ Research conducted by L&Q housing association, as reported by Inside Housing on 21st September 2018.

- 3.6 Where fixed-term tenancies are used:
- tenancies must ordinarily be for a minimum of five years, in addition to any probationary tenancy period (as per the regulatory framework);
 - tenancies of less than five years should only be used in exceptional circumstances which are detailed in the provider's Tenancy Policy;
 - longer fixed-term tenancies should ordinarily be offered to families with dependent children, with a minimum term of 10 years;
 - longer fixed-term tenancies should also be considered for older households (aged over 65) and vulnerable tenants who would benefit from the increased stability offered; and
 - all tenants should be given clear information on the type of tenancy being issued to them, the reasons for offering that tenancy and the process for reviewing the tenancy.

4. Reviewing fixed term tenancies

- 4.1 The process of review can be an anxious one for tenants and all efforts should be made as far as possible to reduce the uncertainty around the process. Registered providers' tenancy policies should contain clear details of how frequently a fixed-term tenancy will be reviewed and the factors that will be considered when deciding whether a tenancy will be renewed.
- 4.2 As a general principle, the Council would expect that most fixed-term tenancies will be renewed, other than in exceptional cases where a tenant's circumstances have changed significantly or where there have been significant tenancy breaches.
- 4.3 We do not support the automatic ending of tenancies solely on the basis of increased household income. This can lead to perverse disincentives to work and progression and puts social housing in danger of becoming more residualised. We would recommend that the tenancy review should also take into account a balance of factors including family circumstances and community contribution. Where alternative housing options, such as shared ownership, are discussed, we would expect this to be supported by a thorough affordability assessment.
- 4.4 The Council recognises that under-occupation is not consistent with the efficient use of the district's stock of affordable housing stock. It is estimated that just over half of the district's affordable housing is under-occupied, most commonly by couples (both of pensionable age and younger) who no longer have children living with them⁴⁷.
- 4.5 The use of fixed-term tenancies can help to reduce under-occupation. However the mismatch between affordable housing stock in the district (over half of general needs stock has three or more bedrooms) and demand (87% of households on the Common Housing Register have a need for properties of two bedrooms or fewer) means that tackling under-occupation will lead to even more pressure on smaller properties. The Council is therefore of the opinion that ending fixed-term tenancies due to under-occupation is not

⁴⁷ Anna Clarke et al (2011) *Under-occupation in North Hertfordshire*.

desirable but we recognise that this is an area that we need to work in partnership with local providers to address.

- 4.6 Fixed-term tenancies should not generally be used for housing management purposes and should not be used as an alternative to existing mechanisms to deal with issues such as anti-social behaviour and rent arrears. We recommend that registered providers should invest resources in providing suitable tenancy sustainment services to help vulnerable tenants and those who need additional support. This is particularly important as Universal Credit is rolled out fully in the district, given the reported detrimental impacts its introduction has had on rent arrears elsewhere in the country.
- 4.7 North Herts is a predominantly rural district and consideration needs to be given to maintaining the vitality of these areas and ensuring that young people in particular are able to remain in their local area. We would encourage registered providers to be sensitive to the particular needs of our rural communities when making use of fixed-term tenancies as affordable properties are typically scarce in these areas and the termination of a tenancy may force a household to move out of the community due to lack of alternative accommodation.

Specific recommendations for registered providers

- 4.8 In all cases:
- registered providers should provide written notice stating whether they propose to grant another tenancy or not (as per the regulations), at least six months before the end of the tenancy;
 - tenancy reviews should consider the individual circumstances of the household, including any recommendations from the Council and other partner organisations. The outcome should not be based solely on factors such as household income; and
 - registered providers should monitor – and share this information with the Council - the number of tenancies which are not renewed, the reasons for the termination of tenancy and the characteristics of the households affected.
- 4.9 And, where a tenancy is not renewed:
- tenants should be informed in writing of the reasons for ending the tenancy and information given on how to make an appeal;
 - RPs shall offer reasonable advice and assistance where the tenancy ends (as per regulations);
 - RPs should inform the Council's Housing Options team, in line with existing protocols and the National Housing Federation's Commitment to Refer; and
 - where a tenancy is to be terminated without a breach of tenancy, reasonable efforts should be made to offer suitable other accommodation and consideration should be given to extending the tenancy until alternative suitable accommodation can be found.

5. Starter/probationary tenancies

- 5.1 The Council supports the considered use of probationary, or starter tenancies, to assist in a coordinated approach in the management of nuisance and/or anti-social behaviour, where there are concerns about a potential tenant's past behaviour. Such tenancies should be for a maximum of 12 months, or a maximum of 18 months where reasons for extending the probationary period have been given and where the tenant has the opportunity to request a review.

6. Affordable rent

- 6.1 Our Housing Strategy for the district establishes as a priority, ensuring that housing is genuinely affordable for local residents.
- 6.2 For many households registered for affordable housing in the district, social rented housing is the only sustainable affordable option. Housing let at affordable rents is also affordable for households in receipt of benefit *as long as* rent levels are set below Local Housing Allowance levels. It could, however, be argued that such an approach encourages the entrenchment of benefit dependency, with its associated uncertainty stemming from potential future policy changes and exposure to any disincentives to work and progression that may be inherent in the benefit system.
- 6.3 The Council therefore continues to propose a cautious approach to the conversion of existing social rented properties to affordable rent. Registered providers should also be mindful of impacts on the mobility of tenants if the affordable housing stock becomes increasingly mixed with properties let under different rent models and tenure lengths. However, we recognise the need for housing providers to innovate and welcome early opportunities to be involved in discussions about the development of different affordable housing products to meet local need.
- 6.4 The Council also recognises that the affordable rent model is essential to securing the delivery of new homes to meet the district's housing needs, as evidenced in our Strategic Housing Market Assessment⁴⁸ (SHMA). The Council will support new affordable rented housing where it is appropriate and affordable to the local community.
- 6.5 Delivery of new rented housing to meet affordable housing targets in the Local Plan will be met through a mix of properties let at social and affordable rents, appropriate to the individual site. However, the SHMA stipulates that the use of affordable rent is not appropriate for all properties due to the high cost of private sector housing in the district (see our Housing Strategy for more information). In particular, the SHMA advises that affordability is a particular concern for larger properties let at affordable rent levels and proposes that affordable rent should be set at no more than 70% of market rents for three bedroom properties and should not be used at all for properties of four bedrooms or more.

⁴⁸ ORS, Stevenage and North Hertfordshire Strategic Housing Market Assessment Volume 2, August 2016.

Specific recommendations for registered providers

6.6 We recommend that:

- affordable rents should not exceed the Local Housing Allowance rate;
- affordable rents should be set at 70% for three bedroom properties;
- larger properties with four or more bedrooms should only be let at social rent;
- scarce properties that meet specific needs such as adapted units, supported housing, sheltered housing and rural properties should not normally be converted to affordable rent;
- registered providers should consult with the Council at an early stage on plans to convert existing social rented properties to affordable rent; and
- the Council would wish to see any extra income received through conversions in the district used to invest in new supply in North Herts.

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PART 1 – PUBLIC DOCUMENT

ADOPTION OF A NEW HOUSING STRATEGY (2019-2024)

REPORT OF THE SERVICE DIRECTOR - REGULATORY

EXECUTIVE MEMBER : COUNCILLOR BERNARD LOVEWELL

COUNCIL PRIORITY : RESPONSIVE AND EFFICIENT

1. EXECUTIVE SUMMARY

- 1.1 As the local housing authority, the Council has statutory responsibilities to consider the housing needs of the district, oversee and enforce housing standards and prevent and manage homelessness.
- 1.2 The proposed Housing Strategy (2019-2024) provides a strategic framework for the Council to undertake these statutory housing functions. It incorporates within it a new Homelessness and Rough Sleeping Strategy for the district and a refreshed Tenancy Strategy.
- 1.3 The proposed Housing Strategy (2019-2024) succeeds the previous Housing and Homelessness Strategy (2013-2018).

2. Recommendations

- 2.1 That Cabinet approves the adoption of the Council's Housing Strategy (2019-2024) attached at Appendix 1.
- 2.2 That Cabinet authorises the Service Director - Regulatory, in consultation with the Executive Member for Housing and Environmental Health, to make minor changes to the Strategy.
- 2.3 That Cabinet delegates to the Service Director - Regulatory, in consultation with the Executive Member for Housing and Environmental Health, the power to agree an annual action plan which will set out the specific actions to be undertaken to implement the Strategy.
- 2.4 That Cabinet authorises the Service Director – Regulatory, in consultation with the Executive Member for Housing and Environmental Health, to deploy Ministry of Housing Communities and Local Government (MHCLG) homelessness funding of £173k (for 2019/20) to meet homelessness priorities identified in the Strategy.
- 2.5 In the event the MHCLG provides homelessness funding beyond the financial year 2019/20, the Cabinet authorises the Service Director – Regulatory, in consultation with the Executive Member for Housing and Environmental Health, to decide on the specific allocation of the funds in order to meet homelessness priorities, for the duration of the Strategy.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To enable the Council to undertake its strategic housing responsibilities over the next five years in a planned, transparent and inclusive manner. The Council is legally required to produce an up-to-date Homelessness and Rough Sleeping Strategy and a Tenancy Strategy.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 The Cabinet could decide against adopting the proposed Strategy, however the previous Housing and Homelessness Strategy ended in December 2018 and a replacement Homelessness and Rough Sleeping Strategy (in particular) is required to meet legal obligations.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 The proposed Strategy has been out to public consultation over a five week period, from 28th December 2018 to 1st February 2019, during which time the Strategy was available to view on the Council's website together with an online form for submitting feedback.

- 5.2 The consultation was advertised via numerous routes:
- on the Council's website and through social media;
 - on the Home4U website, which is used by households on the Common Housing Register to bid for affordable housing;
 - emails to the Council's Citizens' Panel and to Members; and
 - communications, including emails, to key stakeholders including local housing providers, members of the North Herts Homelessness Forum and the North Hertfordshire Partnership (our Local Strategic Partnership).
- 5.3 In addition, pre-consultation briefing events were held for Members on the 12th December 2018 and for key stakeholders on 20th December 2018.
- 5.4 Cllr Bernard Lovewell, the Executive Member for Housing and Environmental Health, has been consulted from an early stage and is supportive of the proposals contained in this report.
- 5.5 Feedback from the consultation exercise is attached at Appendix 2, together with the Council's responses. The majority of the comments were supportive of the proposed Strategy and/or were very high level observations and required no further action. Additionally, a number of more specific comments were made with regards planning policy, outside the remit of the Housing Strategy.
- 5.6 A Homelessness Advisor from the MHCLG was also consulted on the draft Strategy and they responded positively, highlighting the proposed response to the impact of the Homelessness Reduction Act 2017 and plans to increase accommodation supply locally.

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 22nd October 2018.

7. BACKGROUND

- 7.1 As the local housing authority (LHA) for the district, the Council has strategic housing functions to fulfil, primarily set out in section 8 of the Housing Act 1985, which requires that LHAs consider housing conditions in their area and the needs of the area with respect to the provision of further housing. This requirement relates to housing across all tenures, ie both market and affordable housing and as part of this, LHAs must undertake periodic reviews of housing needs in their area.

- 7.2 Additionally, the Housing Act 2004 provides the core legislation underpinning the Council's duties around maintaining and improving the condition of housing in the district, including bringing empty properties back into use and the licensing of houses in multiple occupation. Disabled facilities grants and grants for private sector renewal are provided by the Council under part 1 of the Housing Grants, Construction and Regeneration Act 1996.
- 7.3 With regards the prevention and management of homelessness, the Council has specific responsibilities set out in homelessness legislation dating back to the Housing Act 1996. These have most recently been augmented by the Homelessness Reduction Act 2017 which imposed additional duties on LHAs around the prevention and relief of homelessness and assessment of cases.
- 7.4 The Localism Act 2011 introduced a duty on LHAs to prepare and publish a Tenancy Strategy, setting out the high level objectives which registered providers of social housing (RPs) operating in the district need to 'have regard to' in formulating their own policies on tenancies.
- 7.5 The Housing Strategy provides a framework for these statutory roles and responsibilities, setting objectives and identifying priorities for action as well as pulling together local partners to enable delivery. Although LHAs no longer have a duty to produce a housing strategy (section 29 of the Deregulation Act 2015 removed this requirement), it is established good practice to do so.
- 7.6 The priorities identified in the proposed Strategy will be delivered via detailed action plans that will be produced on an annual basis. This will ensure that activity will be informed by the future operating environment (including changes in legal and policy areas), whilst also taking in to account the availability of resources, creating actions that are realistic and achievable.
- 7.7 The proposed Housing Strategy supports planning policy, conforming with and complementing the Council's proposed Local Plan for 2011-2031, which is currently undergoing examination. It is consistent with the housing aspirations contained within the North Hertfordshire Partnership's Sustainable Community Strategy 2009-2021 and complements the Hertfordshire Health and Wellbeing Strategy 2016-2020.

8. RELEVANT CONSIDERATIONS

- 8.1 The housing sector has continued to change at a fast pace over recent years. There has been further deregulation of the sector, with LHAs less able to exert influence on RPs. At the same time, changes in the operating environment, particularly the funding regime, have meant that the priorities of RPs are no longer necessarily consistent with those of the Council.
- 8.2 Continuing welfare reform, including the freeze on Housing Benefit levels for private sector tenants and reductions in the overall benefit cap have impacted on the affordability of homes for local residents and the roll out of Universal Credit in the district is likely to exert further pressure.

- 8.3 Since the last Housing Strategy, LHAs have been given new legal duties and powers: to prevent and relieve homelessness and to tackle rough sleeping; to improve housing conditions in the private rented sector including taking action against criminal landlords; and to license a wider number of houses in multiple occupation, amongst others.
- 8.4 The proposed Housing Strategy (2019-2024) recognises these challenging – and ever shifting - policy and operating environments and proposes to focus on three core, realistic areas of activity:
- maximising the supply of affordable housing;
 - improving housing conditions; and
 - preventing and managing homelessness.
- 8.5 The proposed Housing Strategy brings together our proposed Homelessness and Rough Sleeping Strategy and a refreshed Tenancy Strategy into one document as all are closely linked, as well as for ease of reference.
- 8.6 Maximising the supply of affordable housing is fundamental to meeting the housing needs of the district. There is a significant need for new homes, both private/market and affordable, as evidenced in the proposed Local Plan which will be the primary means of delivery. The proposed Housing Strategy complements the Council's strategic planning function, setting as a priority negotiation with developers to deliver maximum viable affordable housing on new build sites.
- 8.7 The proposed Strategy also identifies the need to undertake research to determine which housing products are genuinely affordable for local residents, given the continuing issues around affordability in the district and particularly so in rural areas.
- 8.8 As well as focusing on the delivery of new homes, the proposed Strategy recognises the need to ensure that the district's existing supply of homes is used as effectively as possible – this includes a priority to tackle empty residential properties and bring them back into use.
- 8.9 The proposed Strategy's focus on improving housing conditions recognises the pivotal role that access to good quality housing has on residents' health and wellbeing. Priorities include supporting residents through local grant or central government funding (such as that available through the Energy Company Obligation scheme) to achieve reasonable standards of thermal efficiency and to reduce fuel poverty. We will also be making use of the full range of enforcement tools available to tackle private sector landlords who not do fulfil their legal responsibilities to tenants.

Homelessness and Rough Sleeping Strategy

- 8.10 The prevention and management of homelessness is a key aspect of the proposed Housing Strategy as it provides a framework for the Council to meet its legal requirements around homelessness; this section of the Strategy comprises our Homelessness and Rough Sleeping Strategy. This has been informed by a review of homelessness in the district, commissioned from an external consultant. The review highlights the pressure that high private sector rents, continuing welfare reform and high demand for affordable housing exert on homelessness levels in the district. The introduction of additional legal duties under the Homelessness Reduction Act 2017 have, early indications suggest, significantly increased caseloads for the Council's Homelessness and Housing Advice Service.
- 8.11 The proposed Homelessness and Rough Sleeping Strategy sets priorities around: the prevention and early identification of homelessness; ensuring a sufficient supply of accommodation and particularly for single homeless people; and securing the provision of short term and ongoing support for those who need it. It also highlights the need to continue to work closely with key local partners such as The Haven, Herts Young Homeless, Citizens Advice and the Black Squirrel Credit Union, without whom much of the Council's work would not be achievable.

Tenancy Strategy

- 8.13 The Council's Tenancy Strategy dates back to 2012 when the sector was just beginning to adjust to a new regime of fixed term tenancies and Affordable Rent in particular, introduced by the Localism Act 2011. Since then, many areas of uncertainty and concern, particularly around the use of Affordable Rent have been resolved and it is timely to refresh the Tenancy Strategy in line with the proposed new Housing Strategy.
- 8.14 The refreshed Tenancy Strategy, whilst remaining unchanged in its core messages, adopts a more pragmatic approach to tenancy issues; it also acknowledges that LHAs now have less ability to influence RP's activities.

9. LEGAL IMPLICATIONS

- 9.1 Cabinet's terms of reference include at paragraph 5.6.1 of the Council's Constitution "To prepare and agree to implement policies and strategies other than those reserved to Council" and 5.6.15 "To oversee the provision of all the Council's services other than those functions reserved to the Council". Housing and homelessness are Executive functions and are therefore not matters reserved to Council.
- 9.2 Section 1 of the Housing Act 1985 confirms that the District Council is the Local Housing Authority (LHA).
- 9.3 Sections 1 and 7 of the Homelessness Act 2002 outlines the duty of LHAs to formulate a homelessness strategy. Section 1 (a) and (b) notes that a local authority may from time to time carry out a homelessness review for their district and formulate and publish a homelessness strategy based on the results of that review. Section 1(4)

notes that a new homelessness strategy shall be published within the period of 5 years beginning with the day on which their last homelessness strategy was published.

- 9.4 Section 150 (1)(a) to (d) of the Localism Act 2011 states that the LHA must prepare and publish a tenancy strategy setting out the matters to which the registered providers of social housing for its district are to have regard in formulating policies relating to:- the kinds of tenancies they grant; the circumstances in which they will grant a tenancy of a particular kind; where they grant tenancies for a term certain, the lengths of the terms and the circumstances in which they will grant a further tenancy on the coming to an end of an existing tenancy.
- 9.5 Section 150 (5) and (6) of the Localism Act 2011 states that a local housing authority must keep its tenancy strategy under review, and may modify or replace it from time to time. If a local housing authority modifies its tenancy strategy, it must publish the modifications or the strategy as modified (as it considers appropriate).

10. FINANCIAL IMPLICATIONS

- 10.1 The MHCLG has provided all LHAs with Flexible Homelessness Support Grant (FHSG) and Transitional New Burdens funding on an annual basis since 2017/18. This funding is ring-fenced and has been provided to help LHAs meet new legal responsibilities introduced by the Homelessness Reduction Act 2017.
- 10.2 The Council allocation of ring-fenced FHSG for 2017/18 and 2018/19 and new burdens funding for 2017/18, 2018/19 and 2019/20 has already been committed (via Cabinet resolutions in September 2017 and two subsequent decisions made under delegated authority by the Service Director – Regulatory, in consultation with the Executive Member for Housing and Environmental Health) on homelessness services. The Council's allocation of FHSG for 2019/20 is £173k; this was announced after Cabinet's September 2017 resolution and is currently uncommitted.
- 10.3 Home Repair Assistance Grants are a means-tested discretionary form of assistance that is specifically designed to provide practical help, through a grant for small-scale works to improve the condition of an applicant's home. This capital budget is considered as part of the Council's annual budget setting process and in February 2019, Full Council resolved to support the £60k annual budget through to 2023/2024.

11. RISK IMPLICATIONS

- 11.1 There is a risk of the Council being legally challenged and/or criticised if it does not comply with the LHA requirement of a published Homelessness and Rough Sleeper Strategy.
- 11.2 The availability of MHCLG homelessness funding beyond 2019/20 is currently unknown. As this currently funds vital homelessness services, the situation will be closely monitored and alternative options reviewed as appropriate.

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 proposed Strategy sets out high level priorities within the broad, wide-ranging work areas of: maximising the supply of affordable housing; improving standards of housing; and preventing and managing homelessness. The priorities identified in the proposed Strategy will benefit households in the district – including those who are homeless and sleeping rough - who are on the lowest incomes and face the greatest risks of social and economic exclusion.
- 12.3 A high level Equalities Impact Assessment has been conducted and is attached at Appendix 3. The requirement for more detailed Assessments will be considered in advance of the implementation of specific policies.

13. SOCIAL VALUE IMPLICATIONS

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

14. HUMAN RESOURCE IMPLICATIONS

- 14.1 There are no direct human resource implications arising from the proposals contained in this report.

15. APPENDICES

- 15.1 Appendix 1 – Proposed Housing Strategy (2019-2024)
- 15.2 Appendix 2 – Feedback from consultation exercise (with Council responses)
- 15.3 Appendix 3 – Equalities Impact Assessment

16. CONTACT OFFICERS

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17. BACKGROUND PAPERS

- 17.1 Review of Homelessness in North Hertfordshire, RSM, December 2018
<https://www.north-herts.gov.uk/home/housing/housing-strategies-and-plans/housing-and-tenancy-strategies>

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Equality Analysis Template

1. Name of activity:	NHDC Housing Strategy (2019-2024)			
2. Main purpose of activity:	To provide a strategic framework to enable the Council to undertake its statutory housing functions. The Housing Strategy contains a wide range of broad, high level priorities which contribute towards three areas of focus: (i) maximising the supply of affordable housing (ii) improving standards of housing and (iii) preventing and managing homelessness. This Housing Strategy replaces the previous Housing & Homelessness Strategy (2013 -2018).			
3. List the information, data or evidence used in this assessment:	The priorities contained within the Housing Strategy are evidenced by a wide range of sources, including the district's Strategic Housing Market Assessment, case level analysis of the Common Housing Register, an externally commissioned review of homelessness, published housing market data and stock condition data. See also <i>Housing and disabled people, Britain's hidden crisis</i> , report of the Equality and Human Rights Commission 2018; <i>Rural housing availability and affordability</i> , Department for Environment, Food and Rural Affairs 2018.			
4. Assessment				
Characteristics	Neutral (x)	Negative (x)	Positive (x)	Describe the person you are assessing the impact on, including identifying: community member or employee, details of the characteristic if relevant, e.g. mobility problems/particular religion and why and how they might be negatively or positively affected. Negative: What are the risks? Positive: What are the benefits?
Community considerations (i.e. applying across communities or associated with rural living or Human Rights)	<input type="checkbox"/>	<input type="checkbox"/>	x	Negative Positive Issues around affordability are particularly prevalent in rural areas of the district and young people in particular are often unable to afford to continue living in villages in which they were brought up, with implications for viability and sustainability of rural communities. The Housing Strategy includes measures to identify rural housing needs and bring forward new housing as appropriate.
A person living with a disability	<input type="checkbox"/>	<input type="checkbox"/>	x	Negative Positive Affordable housing is in short supply in the district and waiting times are long. Disabled people, who are more likely to live in affordable housing, are particularly disadvantaged by long waits for suitable properties, with detrimental impacts on their physical and/or mental health. The Strategy's activities to maximise the supply of affordable housing will increase the stock of affordable housing generally in the district, which will include a proportion of

				new homes built to the M4(3) wheelchair user standard, as specified in the district's proposed Local Plan. The Council also provides Disabled Facilities Grants for the purpose of adapting properties to meet the needs of occupiers.
A person of a particular race	x	<input type="checkbox"/>	<input type="checkbox"/>	Negative Positive
A person of a gay, lesbian or bisexual sexual orientation	x	<input type="checkbox"/>	<input type="checkbox"/>	Negative Positive
A person of a particular sex, male or female, including issues around pregnancy and maternity	x	<input type="checkbox"/>	<input type="checkbox"/>	Negative Positive
A person of a particular religion or belief	x	<input type="checkbox"/>	<input type="checkbox"/>	Negative Positive
A person of a particular age	x	<input type="checkbox"/>	<input type="checkbox"/>	Negative Positive
Transgender	x	<input type="checkbox"/>	<input type="checkbox"/>	Negative Positive

5 Results

	Yes	No	
Were positive impacts identified?	x	<input type="checkbox"/>	<p>The Housing Strategy identifies priorities to maximise the supply of affordable housing which will benefit those households in the district who are in greatest housing need, including those who are disabled and those living in rural communities.</p> <p>In general, the priorities identified in the Strategy (including those in the Homelessness and Rough Sleeping Strategy) will benefit the most vulnerable in society including those who have serious health conditions, the elderly, those living in poverty and unsuitable housing conditions, those who are at threat of homelessness or who are homeless and those</p>

			fleeing domestic abuse. Such priorities include measures to deal with disrepair and criminal landlords in the private rented sector, activity to improve energy efficiency in people's homes and homelessness prevention and relief activities.
Are some people benefiting more than others? If so explain who and why.	x	<input type="checkbox"/>	The Council's statutory housing functions, framed in the Housing Strategy, are by their very nature directed at assisting those in greatest housing need.
Were negative impacts identified (what actions were taken)	<input type="checkbox"/>	x	

6. Consultation, decisions and actions

If High or very high range results were identified who was consulted and what recommendations were given?

The Strategy was put out to public consultation over a five week period. Members of the Citizen's Panel were invited to take part in the consultation and the consultation was also advertised via the website through which households bid for social housing. Briefing events were held for Members and key local stakeholders including local housing providers and organisations in the homelessness sector. Feedback received was largely positive and/or were very high level observations on national housing policy.

Describe the decision on this activity

No major changes are required to be made to the Housing Strategy.

List all actions identified to address/mitigate negative impact or promote positively

Action	Responsible person	Completion due date
n/a	n/a	n/a

When, how and by whom will these actions be monitored?

Tiranan Straughan

7. Signatures

Assessor

Name: **Tiranan Straughan**

Signature** Tiranan Straughan

Validated by

Name: **Martin Lawrence**

Signature** Martin Lawrence

Forward to the Corporate Policy Team

Signature** Reuben Ayavoo

Assessment date: **15/02/19**

Review date: **15/02/20**

**** Please type your name to allow forms to be sent electronically.**

A copy of this form should be forwarded to the corporate policy team and duplicate filed on the council's report system alongside any report proposing a decision on policy or service change.

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APPENDIX 2 Feedback received in response to the Housing Strategy (2019-2024) consultation

Housing Strategy chapter	Respondent	Feedback received and <i>Council response</i>
Maximising the supply of affordable housing	Registered provider	"Generally supportive of the objective and approach. Sales experience not necessarily aligned with the commentary about shared ownership being beyond reach of local people, particularly as there are varied markets within the authority area. Where rural staircasing restriction applies, this has the effect of limiting the mortgage lender pool and terms, which constrains market value. Consequently in applying such restrictions through s106, there is an available mechanism to aide affordability." <i>Council response: we recognise that affordability varies between product and location, however we have certainly become more aware in recent years that some intermediate affordable housing products have become less affordable for local people. This is one of the reasons why the Housing Strategy proposes further research into the issue.</i>
	Registered provider	"The viability testing at the planning stage is a favourable proposal as is the intention of researching what genuine affordability within the district means with the average house prices in North Herts being higher than the national average." <i>Council response: noted.</i>
	Citizens Advice	"This is absolutely necessary as private rents are out of reach for many local residents. In addition, working with private landlords to encourage them to rent to tenants on benefits would be helpful. If new homes are to be built then investment in infrastructure (provision of school places, parking spaces, doctor surgeries, local shops, road capacity, public transport) is also necessary." <i>Council response: The Council has recently employed an officer with dedicated responsibility for working with private landlords to improve access to the private rented sector. The new Local Plan requires the provision of new infrastructure alongside new development and / or contributions towards this.</i>
	Local resident	"To build more homes." <i>Council response: our proposed Local Plan, currently undergoing examination, seeks to enable this.</i>
	Local resident	"I applaud the objective of supplying affordable housing. However which income group are you supplying for? There is whole group that have no hope of being able to rent/buy because of low income. I am sure you are aware of that." <i>Council response: the Strategy recognises the need to provide genuinely affordable homes in the district and sets out a number of measures to address this, including further research into affordability locally.</i>
	Local resident	"It is a laudable objective. However, are the affordable prices affordable for the average teacher, nurse, firefighter? Affordable should mean a price people on a reasonable wage can affords, which is around £200k." <i>Council response: see response to above comment.</i>

Housing Strategy chapter	Respondent	Feedback received and <i>Council response</i>
Maximising the supply of affordable housing cont/d	Local resident	<p>“By relying on the private market, options such as shared ownership initially appear affordable but in actual fact with the combination of mortgage and rent are let at current market value, which is as your homelessness report states, for many young working people, far too expensive. Severe parking restrictions and draconian signs are also in place to further add to the cost and misery of living in these blocks. Visiting friends can be clamped and fined for parking in these areas without a costly parking permit. No infrastructure is provided in these modern ghettos. No shops, no leisure facilities. They are money making developments - profit for the few - with no social considerations. I believe there is a case for council-owned and let property which is not intended for financial gain but as a social responsibility. If you follow the private market route I really believe the council should introduce rent caps. Housing should be a basic human right, not an investment for the sole benefit of developers. I know of one young couple who split up over their high rent in one of the new schemes surrounding the station. Both local, both working but not able to afford a one bedroom flat, they are both back living separately with their parents at nearly 30 years of age. It also seems almost perverse to me that Hitchin has many blocks of retirement homes right in the centre of town. Would it not be better to house the elderly in more pleasant suburban or rural surroundings and allow young people to live right in the centre of town? Again I feel planning permission is granted for the benefit of developers and not residents.”</p> <p><i>Council response: the lack of affordable housing in the district is a pressing issue and one which the Housing Strategy recognises as a priority. With regards planning applications, these are judged against national and local policies and other relevant considerations before being granted permission.</i></p>
Improving standards of housing	Registered provider	<p>“Not very clear on Council's approach (individually or jointly) to smaller or urgent adjustments that may not fall under a DFG application. E.g. small items that may assist someone returning from hospital earlier and so reduce cost to the public purse in the round”</p> <p><i>Council response: we will improve the information that is available on the NHDC website to outline options for obtaining assistance towards smaller or urgent adjustments to enable people to remain in their home.</i></p>
	Registered provider	<p>“Important to consider particularly around the safety of homes and that could potentially be legislated.”</p> <p><i>Council response: noted.</i></p>
	Local resident	<p>“Dining room in an old 3 bedroomed property, should not be counted as bedroom, as usually kitchen is really small space, so that dining room is some space needed for families.”</p> <p><i>Council response: affordable housing is in high demand in the district and properties with more than 3 bedrooms are in scarce supply. In order to reduce times that larger households have to wait for affordable housing, self-contained dining rooms may be counted as an additional bedroom. This is made clear when properties are advertised and households are free to choose if they wish to bid for such properties.</i></p>
	Local resident	<p>“Improvement of housing standards is imperative. It immediately says we are living in a "good" area which in turn causes less graffiti fly tipping and petty theft.”</p> <p><i>Council response: noted.</i></p>
	Local resident	<p>“Of course this should be ongoing.”</p> <p><i>Council response: noted.</i></p>

Housing Strategy chapter	Respondent	Feedback received and <i>Council response</i>
Improving standards of housing cont/d	Local resident	<p>“As you state, rogue landlords are criminals and should be prosecuted and prevented from holding any future responsibility for the welfare of others. I would prefer housing stock to be controlled by an authority whose primary objective is for the wellbeing of its tenants. I believe council housing provided such a model and believe over the last 40 years since selling off the council housing stock and relying on the private sector, standards have fallen dramatically for the whole rented market while rents continue to escalate.”</p> <p><i>Council response: as stated in the Housing Strategy, the Council is committed to making use of the full range of enforcement tools available to us to tackle criminal landlords.</i></p>
	Other	<p>“More housing in nhdc”</p> <p><i>Council response: our proposed Local Plan, currently undergoing examination, seeks to enable this.</i></p>
Preventing and managing homelessness	Registered provider	<p>“The demographic of people presenting at homeless in North Herts, with 40% being under 35, largely childless and often with some form of vulnerability highlights the need for more supported housing in the area that prevents homelessness in the first place but also offers the opportunity for viable and sustainable housing for the group that most needs it in North Herts.”</p> <p><i>Council response: agree. As part of our Homelessness & Rough Sleeping Strategy, the Council will be working with local partners to improve the accommodation provision for single homeless people, especially those with complex support needs.</i></p>
	Registered provider	<p>“Generally supportive”</p> <p><i>Council response: noted.</i></p>
	Local resident	<p>“To give even a room for homeless, pay rent for some time.”</p> <p><i>Council response: noted.</i></p>
	Local resident	<p>“I believe a roof over one's head should be a basic human right in North Hertfordshire. Every attempt must be made to provide cheap affordable accommodation. If 14000 new homes are to be built, I suggest that the council owns and rents a proportion of these. I think the amount of retirement homes in the centre of Hitchin is excessive. I think planning permission for new homes needs to be more socially aware and responsible for citizens needs, not developer profit. With regard to homelessness we need to reinstate drug and alcohol recovery centres and mental health residential units in order to stabilise and rehabilitate those in difficulties. The council seems aware of the reasons for homelessness. I believe it would be money well spent to rehabilitate people before it becomes too late for them and for your homelessness statistics.</p> <p><i>Council response: Applications for planning permission are judged against national and local policies and other relevant considerations before being granted permission. Our new Local Plan contains policies requiring a full range of housing types to be provided. With regard homelessness support, the Council has identified increasing the provision of support services as a priority and will work with Hertfordshire County Council and other partners to support work in this area.</i></p>
	Local resident	<p>“Please see above refers [comment about housing standards]. Homelessness and rough sleepers proclaim a rough area and there is no lift in the spirit of those who observe as they pass by.”</p> <p><i>Council response: noted.</i></p>

Housing Strategy chapter	Respondent	Feedback received and <i>Council response</i>
Preventing and managing homelessness cont/d	Local resident	<p>“Homelessness is not a huge problem in our district, so methods such as the support workers who track down and house people is very effective. The issue is what happens afterwards to enable people to become stable members of society.”</p> <p><i>Council response: the Homelessness & Rough Sleeping Strategy acknowledges the importance of support services in preventing repeat homelessness and will seek to improve information about the range of existing services in the district as well as exploring ways to increase the provision of support.</i></p>
	Citizens Advice	<p>“As well as street homeless there are many people sofa surfing, who do not have secure or permanent homes. There should be more hostel places available in North Herts.”</p> <p><i>Council response: as identified in the Homelessness & Rough Sleeping Strategy, the Council will be working with local partners to improve the accommodation provision for single homeless people.</i></p>
	Other	<p>“Build more temporary accommodation for the homeless and rough sleepers until council provides more permanent accommodation.”</p> <p><i>Council response: the Council has a sufficient supply of good quality temporary accommodation provided by settle housing (formerly known as North Hertfordshire Homes). See also previous response with regards accommodation for single homeless people. The Council works with local housing providers to secure affordable housing for households on the Common Housing Register.</i></p>
Tenancy Strategy	Registered provider	<p>“Support the affordability items at 6.6 being replicated in s106 agreements, to ensure applied consistently.”</p> <p><i>Council response: Our new Local Plan requires that Affordable Housing on new development is genuinely affordable. We are currently preparing further guidance which will detail our approach, including cross-referencing relevant sections of the Housing Strategy.</i></p>
	Local resident	<p>“Families who live in an 2 bedroom home with 3 children is offered 3 bedroom homes, witch size is the same in feets. Just small bedroom given is not really fair.”</p> <p><i>Council response: the nature of the housing market - both market and affordable – in this region and the associated cost of housing means that bedroom sizes can be smaller than people would wish. Affordable housing is allocated via choice based lettings which means that households are free to choose whether or not to accept an advertised property.</i></p>
	Local resident	<p>“If as I suggest you move serviced retirement homes to more rural areas, this in turn provides more employment in our smaller towns and villages. With affordable housing to match it becomes a balanced policy. Increasingly towns such as Hitchin are becoming commuter suburbs. The housing market appears to be aimed at them. But people who work locally at much lower wages are being priced out. To avoid under use of properties I suggest the Australian system of 'units' for older people. Single storey developments with small gardens in a block - a community! With facilities. Don't isolate people without shops and without public transport. Look at the success of a residents minibus in Witney Oxon for new inspiration for transport.”</p> <p><i>Council response: The new Local Plan sets out our approach to future development in the district. Our policies will require a full range of homes to be delivered to meet the needs of residents.</i></p>

Housing Strategy chapter	Respondent	Feedback received and <i>Council response</i>
Any other comments	Registered provider	<p>“It would be helpful if the context section could be supplemented by information that is settlement specific, given there are different markets (& potentially needs) within the authority area.”</p> <p><i>Council response: unfortunately there is very little published data available at below district level. In terms of housing needs, these are generally considered at district level.</i></p>
	Local resident	<p>“Perhaps the council could be more pro-active as regards planning. Developments such as one-bedroom single-storey units with small gardens are not attractive to developers, but very attractive to single, retired people. A scheme in Uppingham, Rutland is providing a block of young peoples accommodation on the edge of town with a shared electric car and charging point. Inspiration is what is needed. Uppingham invited its young people to a meeting to discuss what they would like. Such developments could be put out to tender, preferably via good inspired architects, creative thinkers. I think what I am saying is, I am worried the draft Housing Strategy places responsibility with private developers and because of this some fundamental problems, such as under-occupancy and homelessness, will be not only unresolved, but exacerbated, and the eventual blocks of dismal uninspired and expensive flats will only temporarily serve commuters on their escape route out of London.”</p> <p><i>Council response: The new Local Plan sets out our approach to future development in the district. Our policies will require a full range of homes to be delivered to meet the needs of residents.</i></p>
	Local resident	<p>“The main point about Housing Strategy as I understand it that irks me is the need to be able to bid for a house and often have to do so for years. This leaves the bidder with the idea “no one hears me or cares about my needs”</p> <p><i>Council response: unfortunately demand for affordable housing in the district is high and waits for affordable housing can be lengthy as a result. The choice based lettings system allows households accepted on to the Housing Register to view the range of properties available and to bid for those that they are interested in rather than accommodation simply being allocated to them.</i></p>
	Local resident	<p>“There should be more provision of social housing.”</p> <p><i>Council response: agreed. The Housing Strategy sets out measures to maximise the supply of affordable housing. These support the proposed Local Plan, which seeks to adopt a 40% target for the delivery of affordable housing on sites of 25 dwellings or more in order to meet identified affordable housing need.</i></p>

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**CABINET
26 MARCH 2019**

***PART 1 – PUBLIC DOCUMENT**

TITLE OF REPORT: PERFORMANCE MANAGEMENT MEASURES FOR 2019/20

REPORT OF THE SERVICE DIRECTOR - RESOURCES

EXECUTIVE MEMBER – LEADER OF THE COUNCIL

COUNCIL PRIORITY: ATTRACTIVE AND THRIVING / PROSPER AND PROTECT / RESPONSIVE AND EFFICIENT

1. EXECUTIVE SUMMARY

1.1 To present the performance indicators (PIs) and associated targets for 2019/20 which were agreed by Executive Members in conjunction with the relevant Service Directors.

2. RECOMMENDATIONS

2.1 That Cabinet considers and formally approves the PIs and any associated targets that will be monitored throughout 2019/20 by Overview & Scrutiny.

3. REASONS FOR RECOMMENDATIONS

3.1 An approved range of indicators provides the Cabinet with assurance that service delivery in a number of key services will be monitored throughout 2019/20.

4. ALTERNATIVE OPTIONS CONSIDERED

4.1 None considered.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

5.1 All Service Directors were sent PI setting templates for 2019/20, to complete in association with the Executive Members. This is the third year of the new process agreed by Cabinet on 26 July 2016 following a task and finish group on the performance monitoring process.

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 11/02/2019..

7. BACKGROUND

- 7.1 The Overview & Scrutiny Committee has received quarterly reports on the Council's performance against a range of performance indicators. It also receives presentations from Executive Members on their service area, where performance of the service can be monitored and challenged in detail.
- 7.2 As part of the Corporate Business Planning Process, the performance measures to be collected and any associated targets are reviewed prior to the start of the next financial year. Service Directors / Corporate Managers undertake the review in conjunction with Executive Members.

8. AMENDED PERFORMANCE MEASURES

- 8.1 The indicators listed in Table 1 are proposed as new indicators for 2019/20:

Table 1 – New Performance Indicators proposed for 19/20

Code	Description	2018/19 Target	2019/20 Target	Comments
REG 3	Percentage of Environmental Health programmed inspections completed	n/a	95%	This PI has been introduced to reflect the June 2018 senior management restructure.

- 8.2 The indicators listed in Table 2 are proposed changes to performance indicators for 2019/20

Table 2 – Amended Indicators for 19/20

Code	Description	2018/19 Target	2019/20 Target	Comments
FW1	Overall tonnage of food waste collected	N/A - Baseline Year	5,000 tonnes	Proposed target based on 2018/19 baseline year tonnages, (4,700 tonnes) with a further increase built in for 2019/20.
GW1	Overall tonnage of garden waste collected	N/A - Baseline Year	10,000 tonnes	Proposed target based on 2018/19 baseline year tonnages,(9,700 tonnes) with a further increase built in for 2019/20.
MI LI015	Number of visits to leisure facilities	1,385,000	1,484,000	The proposal is based on current year performance (2018/19) and estimates for the last two months of the year. The

				aim is to maintain current usage levels and the final target set for 2019/20 will be based on 2018/19 year-end actual performance
NI191	Kg residual waste per household	360	355	A slight reduction in target is proposed now that services are embedded. Additional communications around food waste/compostable food waste liners will also assist.
NI192	Percentage of household waste sent for reuse, recycling and composting	55.00%	56.50%	Slight increase proposed for the recycling rate due to the issue of food waste liners to the entire district and the associated communications. The services have embedded through the first year of the contract.

9. UNALTERED PERFORMANCE MEASURES

9.1 The following performance measures have not been changed from those reported in 2018/19:

Table 3 – Unaltered performance measures

Code	Description	2018/19 Target	2019/20 Target	Reason
BV9	Percentage of council tax collected in year	98%	98%	It is proposed to retain this target. The recent implementation of Universal Credit Full Service would make it impossible to estimate whether this will have any significant affect on collection rates in 2019/20.
BV10	Percentage of NNDR collected in year	97%	97%	It is proposed to retain this target. NNDR collection is quite volatile because of the effects of appeals and the new appeals process introduced in April 2017 has considerably slowed down the process,

				so that no 2017 List appeals have yet been determined.
BV8	Percentage of invoices paid on time	99.6%	99.6%	Target remains a challenging one.
BV12	Working days lost due to sickness absence per FTE employee	N/A – Data Only	N/A – Data Only	
BV12a	Working days lost due to short-term sickness absence per FTE employee	3.50	3.50	
BV12b	Working days lost due to long-term sickness absence per FTE employee	N/A – Data Only	N/A – Data Only	
MI P&R001	Percentage of raised sales invoices due for payment that have been paid	93%	93%	Target remains challenging.
DC001a	Number of planning applications taken to appeal due to ‘non-determination’ within the statutory time period, which were allowed	N/A – Data Only	N/A – Data Only	
DC002	Number of planning applications where the fee has been refunded due to the application not being determined within 26 weeks	0	0	The target relating to returned fees is to remain as zero for 2019/20.
LI032a	Number of allowed planning appeal decisions	N/A – Data Only	N/A – Data Only	
LI035a	Number of households living in temporary accommodation	N/A – Data Only	N/A – Data Only	
REG1	Rate of homelessness prevention	N/A – Data Only	N/A – Data Only	
REG2	Rate of homelessness relief	N/A – Data Only	N/A – Data Only	

10. DELETED INDICATORS

10.1 It is proposed that the following indicators be deleted .

Code	Description	2018/19 Target	2019/20 Target	Comments
LI034	Percentage of Environmental Health and Licensing	95.0%	N/A	This PI previously covered two of the new directorates. A new PI has been proposed for the Regulatory

	programmed inspections completed			Directorate (see REG 3). In terms of Licensing, as per Full Council's decision of 17 January 2019, licensing inspection performance data will no longer be presented to O&S as a PI;– it will be included in the annual report to Licensing & Appeals Committee as a replacement measure (and will be more comprehensively dealt with in the context of all Licensing work). See Background paper – Appendix A, schedule of proposed amendments to Constitution.
NI157ai	Percentage of major planning applications determined within the relevant statutory or agreed time periods	80.00%	N/A	To be reported quarterly, as a management indicator only. When considering the PIs currently reported, the Service Director in consultation with the Executive Member, felt that the PIs proposed for 2019/20 were the most important. However, the "deleted" NI157ai will still be reported locally, including to the Executive Member and Shadow Executive Members.
NI157e	Percentage of all planning applications determined within the relevant statutory or agreed time periods	83.00%	N/A	To be reported quarterly, as a management indicator only. When considering the PIs currently reported, the Service Director in consultation with the Executive Member, felt that the PIs proposed for 2019/20 were the most important. However, the "deleted" NI157e will still be reported locally, including to the Executive Member and Shadow Executive Members.

11. LEGAL IMPLICATIONS

11.1 There are no direct legal implications arising from this report. The Cabinet has remit (other than those functions specifically reserved to Full Council) under its Terms of Reference¹ to:

- prepare and agree to implement policies and strategies; and
- oversee the provision of all the Council's services.

This report seeks to confirm the provision and targets for such service matters to be agreed by Cabinet.

¹ 5.6.1 & 5.6.15 Constitution 09.04.14

12. FINANCIAL IMPLICATIONS

- 12.1 There are no direct financial implications arising from this report. Where efficiencies or investments may make a difference to service levels these are indicated in the budget proposals so they can be taken into consideration when considering the budget for the forthcoming year

13. RISK IMPLICATIONS

- 13.1 There are no direct risk implications arising from this report. Risks to service delivery, and hence to performance levels, are reviewed and captured on Pentana, the Council's performance and risk management software.

14. EQUALITIES IMPLICATIONS

- 14.1 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.
- 14.2 Performance reporting provides a means to monitor whether the Council is meeting the stated outcomes of the district priorities, its targets or delivering accessible and appropriated services to the Community to meet different people's needs.

15. SOCIAL VALUE IMPLICATIONS

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

16. HUMAN RESOURCE IMPLICATIONS

- 16.1 There are no additional human resource implications.

17. APPENDICES

None

18. CONTACT OFFICERS

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- 19. BACKGROUND PAPERS**
- 19.1 Appendix A – Schedule of Proposed amendments to Constitution

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CABINET
26 March 2019

PUBLIC DOCUMENT

TITLE OF REPORT: THIRD QUARTER REVENUE MONITORING 2018/19

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

1. EXECUTIVE SUMMARY

1.1 The purpose of this report is to inform Cabinet of the summary position on revenue income and expenditure forecasts for financial year 2018/19, as at the end of the third quarter. The forecast variance is a **£211k decrease** on the net working budget of £15.392m for 2018/19, with an ongoing impact in future years of **£92k decrease** and a request to carry forward budget of **£87k** to fund specific projects in 2019/20. There are a number of significant variances within these totals, which are detailed and explained in table 3. The report also provides an update on;

- the progress with the planned delivery of efficiencies (paragraph 8.3)
- the use of budget approved to be carried forward from 2017/18 (paragraph 8.4)
- performance against the four key corporate 'financial health' indicators (para 8.5)
- the overall forecast funding position for the Council and factors that may affect this (paras 8.6 – 8.11)

2. RECOMMENDATIONS

- 2.1 That Cabinet note this report.
- 2.2 That Cabinet approves the changes to the 2018/19 General Fund budget, as identified in table 3 and paragraph 8.2, a £211k decrease in net expenditure.
- 2.3 That Cabinet approves the changes to the 2019/20 General Fund budget, as identified in table 3 and paragraph 8.2, a £5k decrease in net expenditure.

3. REASONS FOR RECOMMENDATIONS

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

4. ALTERNATIVE OPTIONS CONSIDERED

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

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

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

6. FORWARD PLAN

- 6.1 This report contains a recommendation on a key decision that was first notified to the public in the Forward Plan on the 18th January 2019.

7. BACKGROUND

- 7.1 Council approved the revenue budget in February 2018 of £14.747 million. As at quarter 3 the working budget has increased to £15.392 million. Table 1 below details the approved changes to this budget to get to the current working budget:

Table 1 - Current Working Budget

	£k
Original approved budget for 2018/19	14,747
Quarter 3 2017/18 Revenue Monitoring report - 2018/19 budget changes approved by Cabinet (March 2018)	85
2017/18 Revenue Outturn Report - 2017/18 budget changes approved by Cabinet (June 2018)	346
Quarter 1 2018/19 Revenue Monitoring report - 2018/19 variances approved by Cabinet (July 2018)	30
Waste Collection Service in North Hertfordshire report – 2018/19 income implication from 3 month extension to payment period for green waste collection – approved by Council (November 2018)	85
Quarter 2 2018/19 Revenue Monitoring report – 2018/19 variances approved by Cabinet (December 2018)	(17)
Revenue monitoring included within 2019/20 budget report – 2018/19 variances approved by Cabinet (January 2019)	116
Current Working Budget	15,392

- 7.2 The Council is managed under Service Directorates. Table 2 below confirms the current net direct resource allocation of each Service Directorate in 2018/19 and how this has changed from the allocations published in the quarter two monitoring report. The budget transfers in quarter 3 mostly relate to directorate contributions to the vacancy control savings target.

Table 2 – Service Directorate Budget Allocations

Service Directorate	Net Direct Working Budget at Q2	Forecast Variances approved at Q2	Forecast Variances within 2019/20 budget report	Budget Transfers in Q3	Current Net Direct Working Budget
	£k	£k	£k	£k	£k
Chief Executive	1,374	(159)	0	310	1,525
Commercialisation	(447)	91	10	(164)	(510)
Customers	3,647	(40)	6	(3)	3,610
Legal & Community	2,232	(14)	(15)	(168)	2,035
Place	4,533	(208)	184	12	4,521
Regulatory Services	1,316	375	26	(4)	1,713
Resources	2,638	(62)	(95)	17	2,498
TOTAL	15,293	(17)	116	0	15,392

8. RELEVANT CONSIDERATIONS

REVENUE INCOME AND EXPENDITURE FORECASTS

- 8.1 Service Managers are responsible for monitoring their expenditure and income against their working budget. Table 3 below highlights those areas where there are forecast to be differences. An explanation is provided for each of the most significant variances, which are generally more than £25k. The final column details if there is expected to be an impact on next year's (2019/20) budget:

Table 3 - Summary of forecast variances

Budget Area	Working Budget £k	Forecast £k	Variance £k	Reason for difference	Carry Forward Request £k	Estimated Impact on 2019/20 £k
Waste Variation Orders	462	208	(254)	The waste contract includes unit prices where there will be variability in the need for those services (e.g. collection and delivery of bins and bulky waste collection). Due to the savings achieved through the core contract, this variation budget was set at a prudent level. Experience this year has been that this has not been required, but this may be linked to the operational issues experienced and a focus on the delivery of the core services. Therefore at this stage, an ongoing impact is not forecast. There have also been underspends on bin purchases as volumes required were less than expected for this year.	0	0

Budget Area	Working Budget £k	Forecast £k	Variance £k	Reason for difference	Carry Forward Request £k	Estimated Impact on 2019/20 £k
Parking Services – Lines and Signs Maintenance Works	80	16	(64)	Request to carry forward to 2019/20. Tenders have been awarded to two contractors to undertake the lines and signs work. The lines and signs works in Royston are expected to be finished in 2018/19, with the rest of North Herts expected to be completed in the new financial year.	64	0
Car Parking Income	(1,814)	(1,869)	(55)	Increase in car parking income projection is based on actual parking income receipts recorded in the first three quarters of the year, which have been higher than anticipated.	0	(88)
Investment Interest	(320)	(360)	(40)	Level of investment interest income is higher than budgeted due to the reprofiling of the Capital Programme, which has increased cash balances available for investment.	0	0
Fernhill Sports Hall Management Fee	36	2	(34)	The management fee for 2017/18 (charged in this year) was £18k less than the value (£36k) accrued at the end of 2017/18. This was due to work undertaken on the hall roof and side panels in previous years reducing the level of maintenance spend required in year. In addition, the fee for 2018/19 is expected to be £20k, which is £16k less than the working budget provision. Maintenance costs are however expected to increase in future years, as the deterioration in the condition of the building increases the need for repair works.	0	0
Herts Warmer Homes Project	25	12	(13)	This is a project being undertaken with HCC and all other districts/boroughs in the County to enable residents to obtain free and discounted energy efficiency measures. Plans are being developed to extend the project into a third and possibly a fourth year, so it is requested to carry forward the remaining £13k for the continuation of the project in 2019/20.	13	0

Budget Area	Working Budget £k	Forecast £k	Variance £k	Reason for difference	Carry Forward Request £k	Estimated Impact on 2019/20 £k
Economic Development Officer	39	29	(10)	£10k carry forward requested for 2019/20. This is earmarked for economic development projects in relation to the evolving action plan as set out in the Economic Development Strategy. The tender for this work will be completed and the project started in 2018/19, but the work will not be completed until 2019/20.	10	0
Planning Income	(964)	(834)	+130	Reduction in the planning income target as a result of a reduced number of planning applications received in the last few months. This is a trend across other Hertfordshire Authorities and believed to be partly due to uncertainty nationally with regard to the housing market.	0	0
Planning Consultants	64	121	+57	Consultant spend was to advise on planning appeals for the Station Inn at Knebworth and The Cabinet, Reed. This is the last of the appeals for this financial year where consultants will be used to represent the Council, so no further significant spend is anticipated. This has been highlighted as a financial risk.	0	0
Vacancy Control Savings Target	(265)	(212)	+53	Vacancy Control target will not be achieved due to one off restructure costs.	0	0
DCO Rental Income	(30)	0	+30	The marketing of the office space, which commenced in late October, has not yet secured a tenant so rental income will not materialise this financial year.	0	0
Water and Sewerage costs for Amenity Areas	12	39	+27	Invoices based on actual meter readings received for the splash parks have highlighted that the estimated bills received previously were significantly underestimated. The projected outturn includes corrections to billing over several years.	0	8
Total of explained variances	(2,675)	(2,848)	(173)		87	(80)
Other minor balances	18,067	18,029	(38)		0	(12)
Overall Total	15,392	15,181	(211)		87	(92)

- 8.2 Cabinet are asked to approve the differences highlighted in the table above (£211k decrease in spend), as an adjustment to the working budget (recommendation 2.2). Cabinet are asked to approve the estimated impact on the 2019/20 budget, a £5k decrease in budget, which includes the request to carry forward £87k of budget from 2018/19 to 2019/20 (recommendation 2.3).
- 8.3 The original approved budget for 2018/19 (and therefore working budget) included efficiencies totalling £2,706k, which were agreed by Council in February 2018. Any under or over delivery of efficiencies will be picked up by any budget variances (table 3 above). However there can be off-setting variances which mean that is unclear whether the efficiency has been delivered. Where this is the case, this will be highlighted. A net overachievement of £338k was forecast at quarter two. The current forecast is a net overachievement of £166k. The main reason for this decrease is the reduction in planning income and not achieving the DCO rental income which are highlighted in table 3. One other variance that is not highlighted in table 3 is:
- Replacement of existing Asset Management System. This saving has been underachieved by £8k due to a delay in transferring data over to the new system, which has meant the cost of the current system is still being incurred. The underachievement in the current year has however been absorbed by minor offsetting variances elsewhere in the service, which are included within the other minor balances figure in table 3.
- 8.4 The working budget for 2018/19 includes budgets totalling £515k that were carried forward from the previous year. These are generally carried forward so that they can be spent for a particular purpose that had been due to happen in 2017/18 but was delayed into 2018/19. At quarter three, it is forecast that a total of £161k of the budget carried forward will not be spent in the current financial year. This relates to:
- £87k - reported at Qtr2 that one carry forward would not be spent.
 - Parking Services Lines and Signs Maintenance budget. £39k of the £55k carried forward budget will not be spent in this financial year, as highlighted and explained in table 3 above. The unspent budget is requested to be carried forward to be utilised in 2019/20.
 - Economic Development Officer. £10k of the £18k carried forward will not be spent this financial year, as highlighted and explained in table 3. The unspent budget is requested to be carried forward to 2019/20.
 - Herts Warmer Homes Project. £13k of the £25k carried forward will not be spent this financial year, which is highlighted and explained in table 3. The unspent budget is requested to be carried forward to 2019/20.
 - Housing Market Review. £12k of the £21k carried forward will now not be spent. This is included in the minor balances total in table 3. The housing market review cannot be done until the local plan is adopted. As the work can be funded from allocated budget in future years, the carry forward provision is no longer needed.

8.4 There are 4 key corporate 'financial health' indicators identified in relation to key sources of income for the Council. Table 4 below shows the income to date and forecasts for the year. A comparison is made to the original budget to give the complete picture for the year. Each indicator is given a status of red, amber or green. A green indicator means that they are forecast to match or exceed the budgeted level of income. An amber indicator means that there is a risk that they will not meet the budgeted level of income. A red indicator means that they will not meet the budgeted level of income. Currently three of the indicators are red and one is green. The red indicators for land charges and car parking fees were highlighted at quarter two. The explanation for the red indicator for planning application fees is highlighted in table 3 above.

Table 4 - Corporate financial health indicators

Indicator	Status	Original Budget £k	Actual income to date £k	Forecast income for the year £k	Projected Variance £k
Planning Application Fees (including fees for pre-application advice)	Red	(940)	(615)	(806)	134
Land Charges	Red	(174)	(116)	(149)	25
Car Parking Fees	Red	(1,906)	(1,414)	(1,869)	37
Parking Penalty Charge Notices	Green	(532)	(387)	(532)	0

FUNDING, RISK AND GENERAL FUND BALANCE

- 8.5 The Council's revenue budget is funded from the following main sources; Council Tax, New Homes Bonus and Retained Business Rates. The Council was notified by Central Government in February 2018 of the amount of New Homes Bonus it could expect to receive in 2018/19 and planned accordingly.
- 8.6 Council Tax and Business Rates are accounted for in the Collection Fund rather than directly in our accounts, as we also collect them on behalf of others (e.g. County Council). Each organisation has a share of the balance on the Collection Fund account. The current forecast position for 2018/19 is a surplus on the Council Tax position of around £300k and a deficit on Business Rates of approximately £58k. In respect of business rates, where a deficit is declared to Central Government (actual business rates income collected is lower than originally anticipated) NHDC is required to make a corresponding additional contribution to the Business Rates Collection Fund in the following year. This is the case in 2018/19, as at the end of 2017/18 there was a deficit on Business Rates of around £650k.

- 8.7 The Council is also subject to a business rates levy from Central Government as it is expected that NHDC will collect more in business rates than the baseline need determined by Central Government. In 2017/18 this levy amount was £685k. In 2018/19 however NHDC is a member of the re-formed Hertfordshire Business Rates Pool, with the expectation that this should reduce the levy amount required. The original estimate prepared by Hertfordshire County Council, calculated around the time the application was submitted to Central Government, indicated that NHDC would benefit from a pooling gain (in the form of a reduced levy amount payable) of approximately £400k. The County Council has requested from pool member authorities details of their forecast Business Rates income for 2018/19. County are still awaiting information from some authorities, so as at the present time a revised estimate of the pooling gain has not been provided.
- 8.8 Central Government have implemented a number of reliefs to reduce the burden of business rates and therefore promote business growth. The Council receives compensation for these reliefs in the form of a grant, which goes in to our funds rather than the Collection Fund. In 2018/19 NHDC expects to receive grant totalling £1.435m. This amount is held in an earmarked reserve and will be used to fund the additional contribution required to the Business Rates Collection Fund (following the deficit recorded for 2017/18) and the Business Rates levy amount payable for 2018/19.
- 8.9 Table 5 below summarises the impact on the general fund of the position at quarter three detailed in this report.

Table 5 – General Fund impact

	Working Budget £k	Q3 Projected Outturn £k	Difference £k
Brought Forward balance (1st April 2018)	(7,403)	(7,403)	-
Projected Net Spend	15,392	15,181	(211)
Funding (Council Tax, Business Rates, New Homes Bonus)	(15,045)	(15,045)	0
Contribution to Collection Fund relating to 2017/18 business rates deficit recorded	656	656	0
Funding from Business Rate Relief Grant Earmarked Reserve	(656)	(656)	0
Carried Forward balance (31st March 2019)	(7,056)	(7,267)	(211)

8.10 The minimum level of General Fund balance is determined based on known and unknown risks. Known risks are those things that we think could happen and we can forecast both a potential cost if they happen, and percentage likelihood. The notional amount is based on multiplying the cost by the potential likelihood. The notional amount for unknown risks is based on 5% of net expenditure. There is not an actual budget set aside for either of these risk types, so when they occur they are reflected as budget variances (see table 3). We monitor the level of known risks that actually happen, as it highlights whether there might be further variances. This would be likely if a number of risks come to fruition during the early part of the year. We also use this monitoring to inform the assessment of risks in future years. The notional amount calculated at the start of the year for known risks was £1,424k, and by the end of quarter three a total of £786k have come to fruition. The two identified risks realised in the third quarter relate to;

- Compensation costs awarded to a sex establishment in North Herts due to a legal challenge on fees. This was included in table 7 (within other minor variances) of the 2019/20 budget report. £20k
- Costs associated with an appeal of a planning application (as detailed in table 3 above) £57k

Table 6 – Known financial risks

	£'000
Original allowance for known financial risks	1,424
Known financial risks realised in quarter 1	(243)
Known financial risks realised in quarter 2	(466)
Known financial risks realised in quarter 3	(77)
Allowance for known financial risks remaining	638

9. LEGAL IMPLICATIONS

9.1 The Cabinet has a responsibility to keep under review the budget of the Council and any other matter having substantial implications for the financial resources of the Council. Specifically 5.6.8 of Cabinet's terms of reference state that it has remit "*to monitor quarterly revenue expenditure and agree adjustments within the overall budgetary framework*". The Council is under a duty to maintain a balanced budget and to maintain a prudent level of reserves.

10. FINANCIAL IMPLICATIONS

10.1 Members have been advised of any variations from the budgets in the body of this report and of any action taken by officers.

11. RISK IMPLICATIONS

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

12. EQUALITIES IMPLICATIONS

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

13. SOCIAL VALUE IMPLICATIONS

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

14. HUMAN RESOURCE IMPLICATIONS

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

15. APPENDICES

- 15.1 None.

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CABINET
26 March 2019

***PART 1 – PUBLIC DOCUMENT**

TITLE OF REPORT: THIRD QUARTER REVENUE MONITORING 2018/19 (ADDENDUM)

REPORT OF: SERVICE DIRECTOR - RESOURCES

EXECUTIVE MEMBER: COUNCILLOR JULIAN CUNNINGHAM

COUNCIL PRIORITY: RESPONSIVE AND EFFICIENT

1. EXECUTIVE SUMMARY

1.1 The purpose of this report is to inform Cabinet of the forecast impact on the 2019/20 budget of appealing the decision by Central Bedfordshire Council to turn down the outline planning application for a crematorium at Wilbury Hills in Letchworth. This is forecast to be up to £30k additional spend in 2019/20.

2. RECOMMENDATIONS

2.1 That Cabinet note this addendum report.

2.2 That Cabinet approves the changes to the 2019/20 General Fund budget, as identified in table 3 of the substantive report and paragraph 8.3 below, a £25k increase in net expenditure.

Note that recommendation 2.2 replaces recommendation 2.3 of the substantive report.

3. REASONS FOR RECOMMENDATIONS

3.1 To allow Cabinet to note the financial impact of appealing the planning decision.

4. ALTERNATIVE OPTIONS CONSIDERED

4.1 The budget holder has considered the options to manage within the existing budget but consider the variance reported here to be necessary and appropriate.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

5.1 The Executive Member for Waste Management, Recycling and Environment has been consulted on the decision to appeal the planning determination.

6. FORWARD PLAN

6.1 As substantive report.

7. BACKGROUND

7.1 As substantive report.

8. RELEVANT CONSIDERATIONS

REVENUE INCOME AND EXPENDITURE FORECASTS

8.1 Table 3 of the substantive report detailed an estimated impact on the 2019/20 budget of a £5k decrease in budget, which includes the request to carry forward £87k of budget from 2018/19 to 2019/20.

8.2 Central Bedfordshire Council (CBC) provided notification to the Council in early March that they had decided to refuse the outline planning application for a crematorium at Wilbury Hills Cemetery in Letchworth. Based on the pre-application advice provided by CBC and the views of the Council's consultant, it is felt that there are reasonable grounds for appealing the decision. The costs of the appeal will depend on how the appeal is dealt with and are estimated to be up to £30k, which is based on a full public inquiry.

8.3 This would mean that the estimated impact on the 2019/20 budget would become a £25k increase in budget, which includes the request to carry forward £87k of budget from 2018/19 to 2019/20.

9. LEGAL IMPLICATIONS

9.1 The Cabinet has a responsibility to keep under review the budget of the Council and any other matter having substantial implications for the financial resources of the Council. Specifically 5.6.8 of Cabinet's terms of reference state that it has remit "*to monitor quarterly revenue expenditure and agree adjustments within the overall budgetary framework*". The Council is under a duty to maintain a balanced budget and to maintain a prudent level of reserves. Once Full Council has set the budget for the following year (which it did in February) then Cabinet have to approve changes to the following year's budget. Where it is not possible to deliver services within the overall budget then this will be referred on to Full Council (Financial Regulations paragraph 3.8).

10. FINANCIAL IMPLICATIONS

10.1 The impact on the 2019/20 budget of the changes detailed across the substantive report and this addendum report is a £25k increase in spend. However, of this total, £87k relates to carry-forward requests. As a carry-forward moves budget between years, there is no impact on the General Fund balance. So the overall impact of the recommendations contained across these two reports results in an increase in the General Fund balance and as a result it is considered that services are still being delivered within the overall budget. A referral to Full Council (as per paragraph 3.8 of the Financial Regulations) is therefore not required.

11. RISK IMPLICATIONS

11.1 As substantive report.

12. EQUALITIES IMPLICATIONS

12.1 As substantive report.

13. SOCIAL VALUE IMPLICATIONS

13.1 As substantive report.

14. HUMAN RESOURCE IMPLICATIONS

14.1 As substantive report.

15. APPENDICES

15.1 None.

16. CONTACT OFFICERS

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CABINET

26 March 2019

PUBLIC DOCUMENT

TITLE OF REPORT: THIRD QUARTER CAPITAL MONITORING 2018/19

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

1. EXECUTIVE SUMMARY

- 1.1 To update Cabinet on progress with delivering the capital programme for 2018/19, as at the end of December 2018, and indicating its impact upon the approved capital programme for 2019/20 - 2023/24. The current estimate is a decrease in spend in 2018/19 of £0.475million and an increase in spend in future years of £0.466 million. The most significant individual changes relate to the decommissioning of playgrounds and pavilions, and an increase in expenditure on those community projects funded from developer (Section 106) contributions.

2. RECOMMENDATIONS

- 2.1 That Cabinet notes the forecast expenditure of **£6.736million** in 2018/19 on the capital programme, paragraph 8.2 refers, and approves the adjustments detailed in table 3 which result in a net decrease on the working estimate of **£0.022million**.
- 2.2 That Cabinet approves the adjustments to the capital programme for 2018/19 onwards as a result of the revised timetable of schemes detailed in table 2, increasing the estimated spend in future years 2019/20 by **£0.466million**.
- 2.3 That Cabinet notes the position of the availability of capital resources, as detailed in table 4, and the requirement to keep the capital programme under review for affordability.

3. REASONS FOR RECOMMENDATIONS

- 3.1 Cabinet is required to approve revisions to the capital programme.
- 3.2 Cabinet is required to ensure that the capital programme is fully funded.

4. ALTERNATIVE OPTIONS CONSIDERED

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

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

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

6. FORWARD PLAN

- 6.1 This report contains a recommendation on a key decision that was first notified to the public in the Forward Plan on the 18th January 2019.

7. BACKGROUND

- 7.1 In February 2018, Council approved the capital programme for 2018/19 to 2021/22. This was subsequently amended by reprogramming from 2017/18 and again in the First and Second Quarter monitoring reports.
- 7.2 The Medium Term Financial Strategy for 2018 to 2023 confirmed that the Council will seek opportunities to utilise capital funding for invest to save schemes and proposals that generate higher rates of return than standard treasury investments. This is one way the Council will allocate resources to support organisational transformation that will reduce revenue expenditure.

8. RELEVANT CONSIDERATIONS

Capital Programme 2018/19

- 8.1 Summaries of the capital programme by Council priority and service are shown in appendix A together with the overall funding analysis and projected availability of capital funding balances (set aside and capital receipts). The full programme is detailed in Appendix B and shows the expected spend from 2018/19 to 2023/24 and the funding source for each capital scheme.

- 8.2 Capital expenditure for 2018/19 is estimated to be **£6.736million**. This is a reduction of **£0.475million** on the forecast in the second quarter report (reported to Cabinet on 18th December 2018). The decrease in spend in 2018/19 is largely due to the re-profiling of spend into future years. Table 1 below details changes to the capital programme, including those changes to planned capital spend in future years within the Investment Strategy approved by Full Council in February 2019.

Table 1- Current Capital Estimates

	2018/19 £M	2019/20 £M	2020/21 to 2023/24 £M
Original Estimates approved by Full Council February 2018	12.511	1.828	2.737
Changes approved by Cabinet in 2017/18 Capital Outturn report (reprogramming from 2017/18)	5.644	0	0
Revised Capital estimates at start of 2018/19	18.155	1.828	2.737
Changes at Q1	-2.298	0.150	-1.490
Changes at Q2	-8.646	6.387	1.000
Capital Programme 2019 – 2024 estimates approved by Full Council February 2019	0	-0.152	0.843
Changes at Q3 detailed in this report	-0.475	0.466	0
Current Capital Estimates	6.736	8.679	3.09

- 8.3 Table 2 itemises and explains the more significant changes (+/- £25k) to the 2018/19 Capital Programme and the impact in subsequent years:

Table 2: Scheme Timetable Revision:

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

Scheme	2018/19 Working Budget £'000	2018/19 Forecast Spend £'000	Difference £'000	Reason for Difference	Estimated impact on 2019/20 onwards £'000
Baldock Town Hall Project	9	45	+36	As unplanned emergency asbestos works were required, other improvement works have been brought forward to coincide with these works.	-36

Scheme	2018/19 Working Budget £'000	2018/19 Forecast Spend £'000	Difference £'000	Reason for Difference	Estimated impact on 2019/20 onwards £'000
Channel shift - processing of housing register applications	40	0	-40	Budget unspent in 2018/19 as a potential partnership with other local authorities did not materialise. As a result, the Council will proceed with its initial plans to upgrade the software, with spend now anticipated in 2019/20.	40
Cyber Attacks - Events Monitoring Software Solution	30	0	-30	Although there has been no requirement to invest in 2018/19, following a clean bill of health from a Cyber Audit by SIAS and the Annual PSN Accreditation, the capital allocation will be required in 2019/20 to ensure the Council has the capability to respond to potential cyber attacks.	30
Decommissioning of Play Areas	130	20	-110	3 playgrounds out of the 6 identified have been converted to green space. Remainder will take longer due to the surrounding trees and bushes.	110
Refurbishment and improvement of community facilities	379	327	-52	Enhancement works at North Herts Minority Ethnic Forum are now scheduled for summer 2019.	52
Renovate play area at District Park, Great Ashby	75	0	-75	Play equipment has been ordered. Delivery and installation will be in the next financial year.	75
Storage Facilities	50	0	-50	This project is on hold pending a review of storage requirements being carried out by the Council's Asset Management Group.	50
Total Minor (under £25k) slippage on other projects			-145		145
Total Revision to Budget Profile			-466		466

8.4 There are also changes to the overall costs of schemes in 2018/19. These changes total a net decrease of £0.022million and are detailed in Table 3.

Table 3: Changes to Capital Schemes Commencing in 2018/19:

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

Scheme	2018/19 Working Budget £'000	2018/19 Forecast Spend £'000	Difference £'000	Comments
Decommissioning of Pavilions	120	40	-80	Costs of demolition were less than forecast.
Section 106 Projects	60	135	+75	To date, a total of £135k of S106 funds have been released for community schemes.
Other minor changes to schemes			-17	
Total revision to scheme spend			-22	

Capital Programme 2018/19 Funding

8.5 Table 4 below shows how the Council will fund the 2018/19 capital programme.

Table 4: Funding the Capital Programme:

	2018/19 Balance at start of year £M	2018/19 Forecast Additions £M	2018/19 Estimated Use of Funding £M	2018/19 Forecast Balance at end of year £M
Useable Capital Receipts	3.090	0.000	(0.327)	2.763
Set-aside Receipts	10.252		(5.639)	4.613
<i>S106 receipts</i>			(0.197)	
<i>Other third party grants and contributions</i>			(0.573)	
Total	13.342	0.000	(6.736)	7.376

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

9. LEGAL IMPLICATIONS

- 9.1 Cabinet's terms of reference specifically include "to monitor expenditure on the capital programme and agree adjustments within the overall budgetary framework". The Cabinet also has a responsibility to keep under review the budget of the Council and any other matter having substantial implications for the financial resources of the Council. By considering monitoring reports throughout the financial year Cabinet is able to make informed recommendations on the budget to Council. The Council is under a duty to maintain a balanced budget.
- 9.2 Asset disposals must be handled in accordance with the Council's Contract Procurement Rules.

10. FINANCIAL IMPLICATIONS

- 10.1 The main financial implications are covered in section 8 of the report.
- 10.2 The Authority operates a tolerance limit on capital projects that are dependent on the value of the scheme and on this basis over the duration of the programme it should be anticipated that the total spend over the period (2018/19 to 2023/24) could be around £2.3million higher than the estimated £18.505million.
- 10.3 The capital programme will need to remain under close review due to the limited availability of capital resources and the affordability in the general fund of the cost of using the Council's capital receipts. When capital receipts are used and not replaced the availability of cash for investment reduces. Consequently interest income from investments reduces. A cash balance of £1.0million currently earns the Authority approximately £10k per year in interest. The general fund estimates are routinely updated to reflect the reduced income from investments as cash balances reduce. When the Capital Financing Requirement (CFR) reaches zero the Council will need to consider borrowing for further capital spend and will need to start charging a minimum revenue provision to the general fund for the cost of capital. The CFR at the 31 March 2018 was negative £10.3million.
- 10.4 The Council also aims to ensure that the level of planned capital spending in any one-year matches the capacity of the organisation to deliver the schemes to ensure that the impact on the revenue budget of loss of cash-flow investment income is minimised.

11. RISK IMPLICATIONS

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

12. EQUALITIES IMPLICATIONS

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

13. SOCIAL VALUE IMPLICATIONS

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

14. HUMAN RESOURCE IMPLICATIONS

- 14.1 There are no direct human resource implications.

15. APPENDICES

- 15.1 Appendix A, Capital Programme Summary 2018/19 onwards.
Appendix B, Capital Programme Detail including Funding 2018/19 onwards.

16. CONTACT OFFICERS

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17. BACKGROUND PAPERS

- 17.1 2018/19 Budget Estimates Book.

By Council Priority

Priority	2018/19 Working Budget £'000	2018/19 Revised Budget £'000	Movement £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
Attractive & Thriving	737	695	-43	2,243	578	255	39	1,140
Prosper & Protect	1,225	1,336	111	4,588	0	0	0	0
Responsive & Efficient	5,249	4,705	-543	1,848	384	124	510	60
Grand Total	7,211	6,736	-475	8,679	962	379	549	1,200

By Service Group

Service Group	2018/19 Working Budget £'000	2018/19 Revised Budget £'000	Movement £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
Advances & Cash Incentives	0	0	0	1,096	0	0	0	0
Asset Management	662	596	-66	2,821	255	255	0	0
CCTV	0	0	0	0	0	0	0	0
Community Services	448	507	59	753	120	0	0	0
Computer Software and Equipment	277	149	-127	829	119	64	450	0
Corporate Items	11	0	-11	11	0	0	0	0
Growth Fund Projects	0	0	0	713	0	0	0	0
Leisure Facilities	1,040	747	-293	1,156	408	0	39	1,140
Museum & Arts	656	656	0	120	0	0	0	0
Parking	27	0	-27	1,120	0	0	0	0
Renovation & Reinstatement Grant Expenditure	360	350	-10	60	60	60	60	60
Waste Collection	3,732	3,732	0	0	0	0	0	0
Grand Total	7,211	6,736	-475	8,679	962	379	549	1,200

Capital Funding Source

Funding Source	2018/19 Working Budget £'000	2018/19 Revised Budget £'000	Movement £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
Government Grant	300	300	0	763	0	0	0	0
Revenue Contribution / Borrowing	0	0	0	0	0	0	0	0
Other Capital Contributions	273	273	0	143	250	0	0	0
S106 Funding	146	197	51	492	37	0	0	0
Capital Receipt	572	327	-245	2,668	675	379	549	1,200
Drawdown of cash investments	5,920	5,639	-281	4,613	0	0	0	0
Grand Total	7,211	6,736	-475	8,679	962	379	549	1,200

Capital Receipt Analysis

	2018/19 Working Budget £'000	2018/19 Revised Funding £'000		2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
B/fwd Capital Receipt Funding	-3,090	-3,090		-2,763	-5,046	-7,371	-9,242	-8,693
Add: Capital Receipts Received in Year	0	0	0	-4,950	-3,000	-2,250	0	0
Less: Capital Receipts Used in Year	572	327	-245	2,668	675	379	549	1,200
C/Fwd Capital Receipt Funding	-2,518	-2,763	-245	-5,046	-7,371	-9,242	-8,693	-7,493

Cash Investments Analysis (set-aside receipts funding)

	2018/19 Working Budget £'000	2018/19 Revised Funding £'000		2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
B/fwd Cash Investments	-10,252	-10,252		-4,613	0	0	0	0
Drawdown of cash investments	5,920	5,639	-281	4,613	0	0	0	0
C/Fwd Cash Investments	-4,332	-4,613	-281	0	0	0	0	0

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CABINET
26 March 2019

PUBLIC DOCUMENT

TITLE OF REPORT: TREASURY MANAGEMENT THIRD QUARTER 2018/19

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

1. EXECUTIVE SUMMARY

- 1.1 To inform Cabinet of the Treasury Management activities in the third quarter of 2018/19 to the end of December. The current forecast is that the amount of investment interest expected to be generated during the year is £0.358 million. This is an increase of £0.038 million on the working budget.
- 1.2 To inform Cabinet of the performance against the Prudential and Treasury indicators. During the third quarter the Council has operated within the treasury and prudential indicators as set out in the Treasury Management Strategy Statement and in compliance with the Council's approved Treasury Management Practices.

2. RECOMMENDATIONS

- 2.1 Cabinet is asked to note the position of Treasury Management activity as at the end of December 2018.

3. REASONS FOR RECOMMENDATIONS

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

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 The primary principle governing the Council's investment criteria is the security of its investments, which includes credit, liquidity and market risk (see section 8 below). After this the return (or yield) is then considered, which provides an income source for the Council. In relation to this the Council could take a different view on its appetite for risk, which would be reflected in the Treasury Strategy. In general, greater returns can be achieved by taking on greater risk. Once the Strategy has been set for the year, there is limited scope for alternative options as Officers will seek the best return that is in accordance with the Treasury Strategy.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 There are quarterly updates 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 the 18 January 2019.

7. BACKGROUND

- 7.1 Members adopted the 2018/19 Treasury Strategy at the meeting of full Council on the 8 February 2018.
- 7.2 Link Asset Services Ltd were first contracted to provide Treasury advice for the financial year 2012/13 and this arrangement has been extended until 2018/19. The service includes:

- Regular updates on economic and political changes which may impact on the Council's borrowing and investment strategies
- Information on investment counterparty creditworthiness
- Technical updates
- Access to the Technical Advisory Group.

8. RELEVANT CONSIDERATIONS

- 8.1 In summary, during the third quarter the Council has operated within the treasury and prudential indicators as set out in the Treasury Management Strategy Statement and in compliance with the Treasury Management Practices.
- 8.2 The Council generated £0.254 million of interest during the first nine months of 2018/19. The average interest rate on all outstanding investments at the 31 December was 1.00%.

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

8.4 **Credit Risk** is the possibility that other parties fail to pay back amounts that have been invested by the Council. This risk is mitigated by assessing the counterparties with whom the Council invests. For banks and building societies that are credit rated by Fitch, they must have a rating of BBB or above. Where building societies do not have a credit rating, then the level of investment is assessed against the overall assets of the institution. Due to the different risks that they are exposed to, the Council splits its investments between banks and building societies and can have a maximum of 75% invested in each.

8.5 The Council also invests with other Local Authorities and Public Corporations (when appropriate opportunities are available) and in Money Market Funds. Money Market Funds are limited to 25% of total investments. A Money Market Fund is a regulated, stand-alone pooled investment vehicle which actively invests its assets in a diversified portfolio of mainly high grade, short-term money market instruments.

8.6 As at 31 December the split of investments was:

Banks	35%
Building Societies	38%
Local Authorities	20%
Money Market Funds	7%

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

8.8 Cash flow forecasts are prepared to determine the level of funds required to meet the day to day commitments. The level of funds available for longer term investments at the 31 December was £22.0 million which is primarily determined by the level of expenditure on the Council's Capital programme.

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

8.10 Investing long term (greater than one year) currently achieves higher interest rates than short term deals. The risk of long term deals are two fold:

- (i) The longer the time period the longer the investment is exposed to default.
- (ii) If the investment has a fixed interest rate, interest rates could rise and the potential to invest at a higher rate will be lost until the investment matures.

- 8.11 Members have indicated that they are prepared to accept the market risk within the limits expressed in the Treasury Strategy, which allows up to 40% of investments to be invested for longer than 364 days at any one time. At the end of the third quarter the Council had no investments for longer than 364 days. During the third quarter, two deals were placed for longer than one year totalling £2.0 million, but were less than a year by the end of the quarter.
- 8.12 The **return (or yield)** that the Council achieves is affected by both the level of risk as well as general market conditions. It continues to prove challenging to find acceptable counterparties willing to pay a reasonable return on cash investments, either long or short term. This issue is expected to continue during 2018/19 and beyond.
- 8.13 The Council had a negative **Capital Financing Requirement** (CFR) of £10.3 million (as at 31st March 2018), which means that it has a high level of cash investments. The CFR is expected to reduce to approximately £4.7 million by the end of the year if capital expenditure matches the current profile of spend. The Council currently only has historic borrowing which is not cost effective to repay early.

9. LEGAL IMPLICATIONS

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

10. FINANCIAL IMPLICATIONS

- 10.1 The amount of investment interest expected to be generated during the year is £0.358 million.
- 10.2 Potential options for inclusion in the Treasury Strategy are considered as and when identified. Any proposals to amend the Strategy are reported to Full Council, via Cabinet, for approval.

11. RISK IMPLICATIONS

- 11.1 Risks associated with treasury management and procedures to minimise risk are outlined in the Treasury Management Practices document, TMP1, which was adopted by Cabinet in July 2003 and is revisited annually as part of the Treasury Strategy review. The risk on the General Fund of a fall of investment interest below the budgeted level is dependant on banks and building societies need for borrowing.

12. EQUALITIES IMPLICATIONS

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

13. SOCIAL VALUE IMPLICATIONS

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

14. HUMAN RESOURCE IMPLICATIONS

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

15. CONTACT OFFICERS

Author

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

16. BACKGROUND PAPERS

Treasury Strategy 2018/19
CIPFA Prudential Code for Capital Finance in Local Authorities

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CABINET
26 March 2019

***PART 1 – PUBLIC DOCUMENT**

TITLE OF REPORT: CHANGE TO THE STOCK TRANSFER AGREEMENT WITH SETTLE (NORTH HERTFORDSHIRE HOMES)

REPORT OF : SERVICE DIRECTOR – COMMERCIAL & SERVICE DIRECTOR - RESOURCES

EXECUTIVE MEMBER FOR FINANCE AND IT

COUNCIL PRIORITY : RESPONSIVE AND EFFICIENT

1. EXECUTIVE SUMMARY

1.1 Settle (North Hertfordshire Homes) have approached the Council to seek a variation to the stock transfer agreement (of 2003) to allow for further borrowing against the transferred properties. The request would allow settle to move from a valuation of the housing stock based on Existing Use Value (EUV) to a valuation based on Market Value subject to Tenancies (MV-STT). This would improve settle's ability to raise funds which settle suggest is likely to lead to an increase in the number of properties developed in North Hertfordshire.

2. RECOMMENDATIONS

2.1 That Cabinet agree to a variation to the mortgagee in possession provisions in the stock transfer agreement as proposed by settle (North Hertfordshire Homes).

3. REASONS FOR RECOMMENDATIONS

3.1 To amend the stock transfer agreement to allow settle to raise funding to increase the housing that it can build, with the expectation that a proportion of this would be in North Hertfordshire.

4. ALTERNATIVE OPTIONS CONSIDERED

4.1 To not agree to the proposed change, which would limit the new housing that settle could develop, but would not have any risk in relation to the existing housing stock.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

5.1 The Executive Member for Finance and IT has been consulted and supports the suggested approach.

6. FORWARD PLAN

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

7. BACKGROUND

- 7.1 The Council's housing stock was transferred to North Herts Homes (now settle) on 31 March 2003 subject to the terms of the stock transfer agreement. Clause 5 of the transfer contains 'overage' provisions which require settle to make a further payment to NHDC if prior to 2033 any of the housing stock is used in a transaction "to facilitate pedestrian and/or vehicle access to any land adjoining or adjacent to the Property". These provisions were included to ensure that if any of the former housing stock had value as a 'ransom strip', then the Council would be able to share in that value.
- 7.2 Clause 5.2(i) of the stock transfer agreement is a 'mortgagee in possession' clause. This clause was included so that if NHH defaulted on a loan and their lender took possession of the housing stock, then the overage provisions would not apply to that lender.
- 7.3 Settle has approached NHDC with a request to vary the terms of the mortgagee in possession clause as it wishes to use the housing stock as security for further borrowing. The properties are currently used as security for borrowing on an Existing Use Value (EUV) basis i.e. Social Housing.
- 7.4 Following changes made by the Housing and Planning Act 2016, settle have the opportunity to use the housing stock as security for additional borrowing. However settle have advised that their lender requires an amendment to the mortgagee in possession clause in the stock transfer agreement as a condition of the further borrowing, this is set out in Appendix A.

8. RELEVANT CONSIDERATIONS

- 8.1 Although the proposed variation to the stock transfer agreement is technical, officers are aware that the implication of the change will be to increase the value of the housing that is owned by settle for borrowing purposes. The reason for this is due to what can happen in the very unlikely event that settle were to default on the debt. Under the EUV definition, the lender would have to maintain the property as social housing in perpetuity. Under the MV-STT definition, the lender would have to honour the existing tenancy but would then be free to dispose of the property on the open market. Given the impact of agreeing to the variation, combined with the fact that the proposal is to vary such a significant document, officers are of the view that Cabinet is best placed to consider the matter.
- 8.2 There are two advantages to settle of an increase in the valuation:
- It increases the total amount that can be borrowed, which allows greater investment in new housing.
 - If they are not borrowing up to the maximum, they would be borrowing a lower proportion of the total that they could borrow. This would then be seen as lower risk by the lender and would therefore be at a lower rate. This would improve the cost effectiveness of investments in new housing.

- 8.3 Settle has indicated that it would only borrow money for the purpose of investing in new housing. Whilst they can not guarantee how much of this housing would be within North Hertfordshire, they have stated that they are committed to developments within the North Hertfordshire area wherever they can identify a scheme that meets their viability criteria. Individual schemes can not be guaranteed until the land has been acquired and planning permission granted, although some indicative schemes are provided in the part 2 report. Overall settle's current strategic objective is to build 480 properties over a 3 year period to March 2020 and they state that they are on track to deliver this. However they have an ambition and ability to develop more, and the change in valuation helps maximise that ambition which could be at least 300 units a year (almost double the current ambition).
- 8.4 The risk of the change is what would happen if settle were to default on their borrowing. In theory the properties used as security could be repossessed by the lender. Once the current tenancy had expired, the lender would then be free to sell or let the property at market rates. This would then reduce the social housing supply that is available within North Hertfordshire. The mitigations against this are based on the controls put in place by settle, combined with how the housing sector has treated failure by individual registered providers. These mitigations are:
- In 2018, settle had an in-depth Assessment from the Regulator of Social Housing and received a G1 V1 rating for Governance and Viability, the highest possible scores.
 - Settle's treasury management policy has 'golden rules' in place around asset cover, gearing and liquidity that mitigate risks. It is reported regularly to their Board.
 - Settle's 30-year business plan is regularly updated and stress-tested to understand the limits at which their finance model would break. Risk mitigations are in place and regularly reviewed so that there are plans in place to respond.
 - Settle are not planning to borrow up to the limit that this change would allow, so the main advantage would be access to better value financing.
 - The social housing sector has been a 'no default' sector. In the rare occasion any housing association has found itself in financial difficulties, the Social Housing Regulator has stepped in, and ensured that the properties remain within the social housing sector.
- 8.5 As the change to the legislation is relatively recent, there are a number of registered providers that are progressing with a change to MV-STT valuation, but settle are not aware of any that have completed this yet. They have been in correspondence with a number of lenders and their treasury advisors, who are supporting a number of other registered providers with these changes.
- 8.6 It is considered that the up-side of highly likely building of new housing within North Hertfordshire is worth it for the very low chance of the down-side risk happening.

9. LEGAL IMPLICATIONS

- 9.1 In essence this is a small change to a property related agreement and therefore falls under the delegation of the Service Director: Commercial as "settling the terms of ...minor land matters" (14.6.7 (b)(i)(B) of the constitution). However the decision is being referred to Cabinet in accordance with section 14.6 (e) of the constitution which allows an officer to refer a decision to Cabinet rather than make the decision. .

9.2 If Cabinet agree to the proposed variation then a formal Deed of Variation will be entered into between the parties. The Deed will be on terms approved by the Service Director: Commercial under existing delegated authority.

10. FINANCIAL IMPLICATIONS

10.1 There are no direct financial implications for the Council arising from this report. Increases in the supply of social housing could help reduce homelessness and the need to use temporary accommodation and nightly paid units, such as hotel rooms. This could therefore have a positive long-term financial impact.

11. RISK IMPLICATIONS

11.1 The risks and opportunities of this proposal are highlighted in section 8. As detailed in section 8.6, it is felt that the up-side opportunity outweighs the down-side risk.

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 specific equalities implications arising from this report.

13. SOCIAL VALUE IMPLICATIONS

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

14. HUMAN RESOURCE IMPLICATIONS

14.1 There are no direct human resources implications for this report.

15. APPENDICES

15.1 Appendix A – Existing and proposed wording of clause 5.2 of the Stock Transfer agreement dated 31 March 2003

16. CONTACT OFFICERS

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18. BACKGROUND PAPERS

None

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Appendix A - Existing and proposed wording of clause 5.2 of the Stock Transfer agreement dated 31 March 2003

Existing wording

The provisions of this clause shall not bind any mortgagee or chargee or any receiver appointed by any such mortgagee or chargee (or any successors in title of any such mortgagee or chargee acting through such receiver) in possession of the whole or any part of the Property which shall be free to dispose of the whole or any part of the Property free from its terms and conditions and forthwith upon any such sale the Transferor will upon request cancel the restrictions referred to in paragraph (f) of this clause

New wording

The provisions of this clause shall not be binding on a mortgagee or chargee (or a receiver (including an administrative receiver) appointed by such mortgagee or chargee or any other person appointed under any security documentation to enable such mortgagee or chargee to realise its security or any administrator (howsoever appointed) including a housing administrator (each a Receiver)) of the whole or any part of the Property or any persons or bodies deriving title through such mortgagee chargee or Receiver which shall be free to dispose of the whole or any part of the Property free from the terms and conditions of this clause and forthwith upon any such disposal the Transferor will upon request cancel the restriction referred to in paragraph (f) of this clause.

Key changes

The new wording clarifies the mortgagee in possession clause by:

- Specifically confirming that administrative receivers including housing administrators will not be bound by the overage provisions in the stock transfer agreement;
- Confirming that any person that acquires any part of the property from a receiver will not be bound by the overage provisions in the stock transfer agreement; and
- Confirming that any disposal (e.g. lease) by an administrator or their successors in title will not be subject to the overage provisions, as opposed to just a sale.

Arguably all of these points can be inferred from the original wording, however the new wording clarifies these points and therefore modernises the terms of the clause making it suitable for the current lending market.

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CABINET
26 March 2019

***PART 1 – PUBLIC DOCUMENT**

TITLE OF REPORT: LAND ADJOINING 10 HILL VIEW, RUSHDEN, HERTFORDSHIRE, SG9 0SL

REPORT OF: SENIOR ESTATES SURVEYOR

EXECUTIVE MEMBER: Finance & IT

COUNCIL PRIORITY: Responsive and Efficient

1. EXECUTIVE SUMMARY

1.1 To seek authority to dispose of District Council land adjoining 10 Hill View, Rushden. The land is shown as hatched at Appendix A.

2. Recommendations

2.1 The proposed sale of the District Council's land adjoining 10 Hill View, Rushden be approved on the terms set out in the Part 2 report.

2.2 That authority be delegated to the Service Director: Resources in consultation with the Executive Member for Finance and IT to finalise the disposal and agree any variations to the terms provided that the disposal remains at the best consideration reasonably obtainable.

3. REASONS FOR RECOMMENDATIONS

3.1 To provide a financial receipt to help fund the Council's Capital Programme.

3.2 The land has previously been declared as surplus to the Council's requirements

4. ALTERNATIVE OPTIONS CONSIDERED

4.1 Retain the District Council's land.

4.2 Market the land for sale in the open market

4.3 Let the land for grazing use.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

5.1 Contact has been made with Cllr Cunningham the Portfolio Holder for Finance and IT and Cllr Jarvis, the Ward Councillor for Weston and Sandon. No objections to the proposed disposal have been raised during the consultation process.

6. FORWARD PLAN

- 6.1 This report does not contain a recommendation on a key decision set out in the Forward Plan.

7. BACKGROUND

- 7.1 The District Council owns 0.32 acres of land adjoining 10 Hill View, Rushden, SG9 0SL, which is a three bedroom semi detached house.
- 7.2 At the meeting of Cabinet of 16 November 2016 it was resolved (Minute 89): "That the sites identified in Table 5 [which includes the land at Hill View subject of this report] of the report be declared as surplus to the Council's requirements; that disposal options for these sites be investigated in more detail; and that Cabinet be advised about them as appropriate.

8. RELEVANT CONSIDERATIONS

- 8.1 The land is designated as Rural Area beyond Green Belt in the current and emerging Local Plan.
- 8.2 The District Council's land has a steep gravel path to the front providing access directly off Hill View. There are no structures on the District Council's land and the land is mainly grassed with some shrubs.
- 8.3 The land was previously let under a garden licence granted in 1982 at a licence fee of £15 per annum. The licence came to an end in 2018 on the death of the licensee although the Council had served notice in April 2017 to bring the licence to an end in August 2019.
- 8.4 10 Hill View, Rushden is currently being marketed for sale and the Council has received a number of approaches for the land from prospective purchasers looking to acquire 10 Hill View, Rushden.
- 8.5 The Estates Department has agreed terms (Subject to Contract) to sell the land to a prospective purchaser who very recently agreed terms (Subject to Contract) to acquire 10 Hill View, Rushden.
- 8.6 The details of the Heads of Terms and the additional reasons for recommending this disposal will be provided with the Part 2 exempt report to follow.

9. LEGAL IMPLICATIONS

- 9.1 The Cabinet decision in November 2016 was that Cabinet be advised about disposal options for this site. Therefore although the proposed disposal falls within the delegated authority of the Service Director: Resources, (Constitution paragraph 14.6.12 (b) 1 A) the matter has been brought back to Cabinet for consideration.
- 9.2 Section 123 of the Local Government Act 1972 allows a Council to dispose of land in any manner it wishes provided that the consideration is the best that can be reasonably obtained unless the Secretary of State consents to the disposal or the terms of the disposal fall within the general consent. The Council's Senior Estates Surveyor

considers that the proposed disposal is at the best consideration reasonably obtainable.

9.3 Sections 123(2A) and 127(3) of the Local Government Act 1972 require a local authority wishing to dispose of open space to advertise its intentions in a local newspaper for 2 consecutive weeks and to consider objections. In the event that this land falls within the definition of open space then this procedure will be carried out before a final decision is made. For the purpose of the legislation, 'open space' means any land laid out as a public garden, or used for the purposes of public recreation, or land which is a disused burial ground land. Hill View does not fall within the definition of open space.

9.4 The Contract Procurement Rules apply to the sales of land or property. The Rules permit disposal by private treaty.

10. FINANCIAL IMPLICATIONS

10.1 The sale of this site would generate a capital receipt for the District Council to assist in funding the overall capital programme.

10.2 The consideration agreed is the best consideration reasonably obtainable.

11. RISK IMPLICATIONS

11.1 The sale of the District Council's land will reduce the risks to the Council arising from the Occupiers Liability Act 1957 and 1984.

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 recommendation of the report does not have a direct equality impact.

13. SOCIAL VALUE IMPLICATIONS

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

14. HUMAN RESOURCE IMPLICATIONS

14.1 There are no human resource implications arising from this report.

15. APPENDICES

15.1 Appendix A – The plan attached is approximate and for identification purposes only.

16. CONTACT OFFICERS

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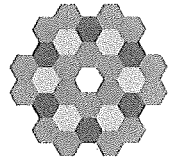
17. BACKGROUND PAPERS

17.1 Land Registry freehold Title Number HD498020

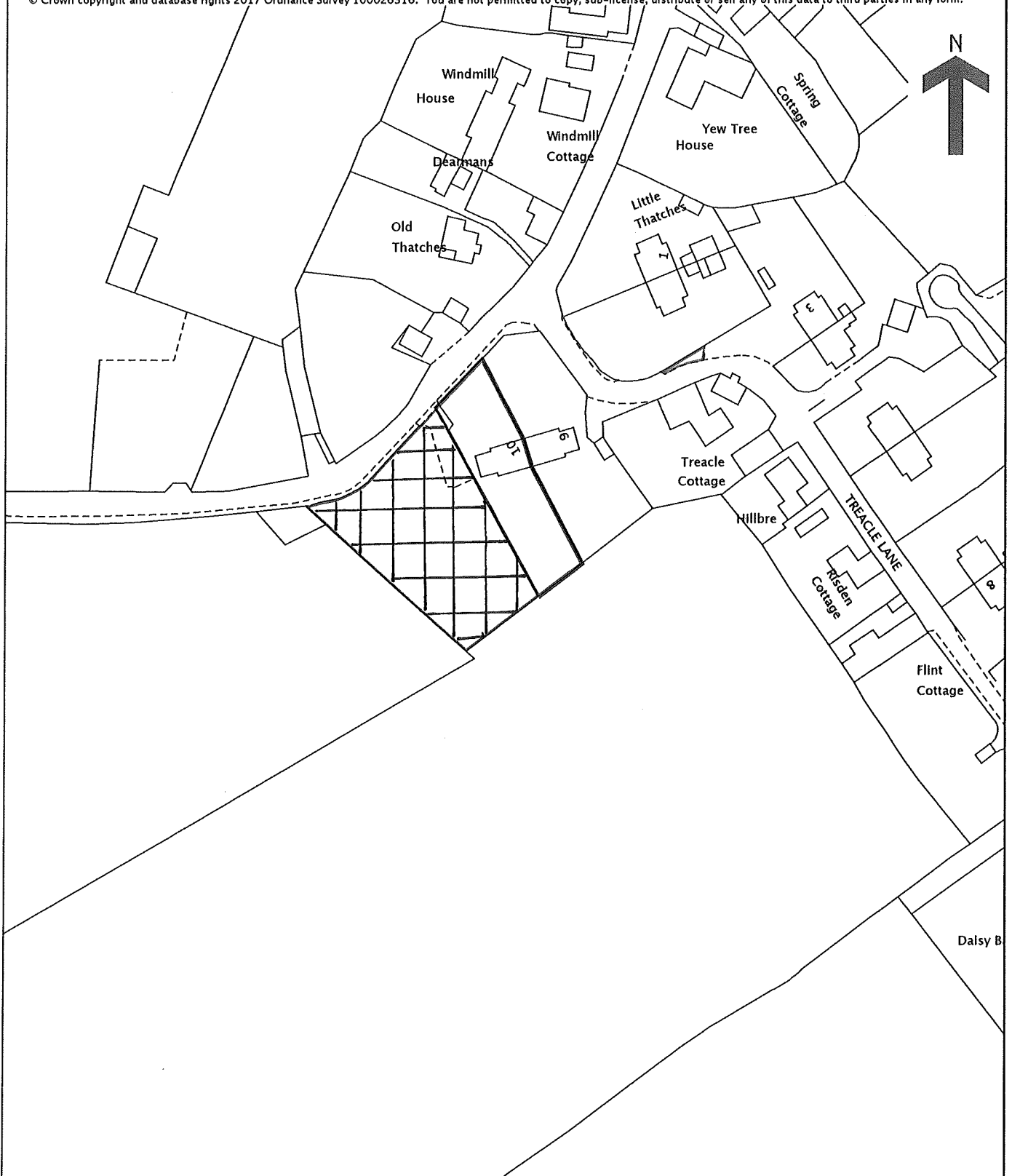
17.2 Report to Cabinet 22 November 2016 Committee meeting and Minutes 89.

HM Land Registry
Official copy of
title plan

Title number **HD498020**
Ordnance Survey map reference **TL3031SW**
Scale **1:1250 enlarged from 1:2500**
Administrative area **Hertfordshire : North Hertfordshire**



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