

# Public Document Pack

9 November 2018

Our Ref Council 22.11.18  
Your Ref.  
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To: The Chairman and Members of North Hertfordshire District Council

You are invited to attend a

## **MEETING OF THE COUNCIL**

to be held in the

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

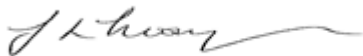
on

**THURSDAY, 22 NOVEMBER 2018**

at

**7.30 PM**

Yours sincerely,



Jeanette Thompson  
Service Director – Legal and Community

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

<b>Item</b>	<b>Page</b>
<b>1. APOLOGIES FOR ABSENCE</b>	
<b>2. MINUTES - 6 SEPTEMBER 2018 (EXTRAORDINARY MEETING)</b> To take as read and approve as a true record the minutes of the Extraordinary meeting of this Committee held on the 6 September 2018	1 - 2
<b>3. MINUTES - 6 SEPTEMBER 2018</b> To take as read and approve as a true record the minutes of the meeting of this Committee held on the 6 September 2018.  These Minutes are to follow	
<b>4. NOTIFICATION OF OTHER BUSINESS</b> Members should notify the Council of other business which they wish to be discussed by the Cabinet at the end of either Part I or Part II business set out in the agenda. They must state the circumstances which they consider justify the business being considered as a matter of urgency.  The Chairman will decide whether any item(s) raised will be considered.	
<b>5. CHAIRMAN'S ANNOUNCEMENTS</b> Members are reminded that any declarations of interest in respect of any business set out in the agenda, should be declared as either a Disclosable Pecuniary Interest or Declarable Interest and are required to notify the Chairman of the nature of any interest declared at the commencement of the relevant item on the agenda. Members declaring a Disclosable Pecuniary Interest must withdraw from the meeting for the duration of the item. Members declaring a Declarable Interest, wished to exercise a 'Councillor Speaking Right', must declare this at the same time as the interest, move to the public area before speaking to the item and then must leave the room before the debate and vote.	
<b>6. PUBLIC PARTICIPATION</b> To receive petitions and presentations from members of the public including: <ol style="list-style-type: none"> <li>1. Citizens Advice North Herts (CABNH)</li> </ol>	
<b>7. ITEMS REFERRED FROM OTHER COMMITTEES</b> Any Items referred from other committees will be circulated as soon as they are available.	
<b>8. REGENERATION OF CHURCHGATE SHOPPING CENTRE</b> <b>REPORT OF THE DEPUTY CHIEF EXECUTIVE</b>  To update Full Council on the proposed regeneration of Churchgate Shopping Centre and Hitchin Market.	3 - 22

- 9. MEMBERS' ALLOWANCES SCHEME 2019/20** 23 - 38  
To adopt a Members' Allowances Scheme for 2019/20 and to consider the payment of a proposed Honorarium to Independent Remuneration Panel Members.
- 10. QUESTIONS FROM MEMBERS**  
To consider any questions submitted by Members of the Council, in accordance with Standing Order 4.8.11 (b).
- 11. NOTICE OF MOTIONS**  
To consider any motions, due notice of which have been given in accordance with Standing Order 4.8.12.
- 12. EXCLUSION OF PRESS AND PUBLIC** 39 - 40  
To consider passing the following resolution:  
  
That under Section 100A(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the said Act.
- 13. REGENERATION OF CHURCHGATE SHOPPING CENTRE** 41 - 90  
**REPORT OF THE DEPUTY CHIEF EXECUTIVE**  
  
To update Full Council on the proposed regeneration of Churchgate Shopping Centre and Hitchin Market.

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## NORTH HERTFORDSHIRE DISTRICT COUNCIL

### MINUTES

Meeting of the Council held in the Council Chamber, District Council Offices,  
Gernon Road, Letchworth Garden City  
on Thursday, 6th September, 2018 at 7.00 pm

**PRESENT:** Councillors Councillor John Bishop (Chairman), Councillor Jean Green (Vice-Chairman), Ian Albert, Daniel Allen, David Barnard, Clare Billing, Judi Billing, Ruth Brown, Val Bryant, Paul Clark, Sam Collins, Julian Cunningham, Bill Davidson, Steve Deakin-Davies, Simon Harwood, Terry Hone, Tony Hunter, Steve Jarvis, David Levett, Bernard Lovewell, Jim McNally, Ian Mantle, Paul Marment, Ian Moody, Michael Muir, Lynda Needham, Sue Ngwala, Oliver, Janine Paterson, Mike Rice, Val Shanley, Harry Spencer-Smith, Martin Stears-Handscomb, Claire Strong, Richard Thake, Terry Tyler and Michael Weeks

**IN ATTENDANCE:** Anthony Roche (Deputy Chief Executive), Jeanette Thompson (Service Director - Legal and Community), Ian Couper (Service Director - Resources), Sarah Kingsley (Communications Manager), Reuben Ayavoo (Senior Policy Officer) and Hilary Dineen (Acting Committee and Member Services Manager)

**ALSO PRESENT:** At the Commencement of the meeting Alderman Joan Kirby, Mrs Lorna Kercher and 8 members of the public

### 32 AUDIO VISUAL EQUIPMENT AND VOTING SYSTEM

The Acting Committee and Member Services Manager informed Members that new Audio Visual equipment and voting system had been installed in the Council Chamber.

She explained how the audio visual and voting systems worked and that voting would now take place using the unit in front of each Member instead of the raising of hands.

Once each vote had taken place the result, including who voted and how would appear on the screens around the Chamber.

### 33 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Elizabeth Dennis Harburg, Gerald Morris and Deepak Sangha.

### 34 HONORARY ALDERMAN

Councillor Lynda Needham, Leader of the Council, explained that the purpose of this Extraordinary meeting of the Council was to confer the title of Honorary Alderman of North Hertfordshire District Council on former Councillor Lorna Kercher.

It was moved by Councillor Lynda Needham and seconded by Councillor Julian Cunningham that this Council placed on record its appreciation to former Councillor Lorna Kercher for her long service to the people of North Hertfordshire.

A number of Members paid tribute to former Councillor Kercher in respect of her dedicated service as a councillor.

Upon the motion being put to the vote, it was

**RESOLVED:** That, in pursuance of Section 249(1) of the Local Government Act 1972, the title of Honorary Alderman of the District of North Hertfordshire be conferred upon Mrs Lorna Kercher in recognition of the eminent service rendered by her to the North Hertfordshire District Council during the period she was a Member of the Council.

The Chairman presented Honorary Alderman Lorna Kercher with a framed certificate of office to mark her new position.

Honorary Alderman Kercher thanked all Members of the Council for the honour bestowed on her. She also thanked them and officers for all the support they had given her during her time in office.

The meeting closed at 7.20 pm

Chairman

**COUNCIL  
22 NOVEMBER 2018**

**\*PART 1 – PUBLIC DOCUMENT**

**TITLE OF REPORT: REGENERATION OF CHURCHGATE SHOPPING CENTRE**

REPORT OF : *DEPUTY CHIEF EXECUTIVE*

EXECUTIVE MEMBER : *LEADER OF THE COUNCIL AND EXECUTIVE MEMBER FOR FINANCE AND IT*

COUNCIL PRIORITY : ATTRACTIVE AND THRIVING / PROSPER AND PROTECT

**1. EXECUTIVE SUMMARY**

- 1.1 The purpose of the report is to update Full Council on the proposed regeneration of Churchgate Shopping Centre and Hitchin Market, how the proposals have developed since the report to Full Council on 8 February 2018 and to seek permission to undertake the next phase of detailed work prior to Full Council taking a final decision on whether to proceed.

**2. RECOMMENDATIONS**

- 2.1 That Full Council continues to support the principle of a regeneration of the Churchgate Centre and Hitchin Market with the Council as funder and owner of the regenerated scheme, noting that the deliverability of the proposals is dependant upon securing funding from the Hertfordshire Local Enterprise Partnership.
- 2.2 That Full Council authorise the Deputy Chief Executive, in consultation with the Chief Finance Officer, the Leader of the Council and Executive Member for Finance and IT, to progress the negotiation of legal agreements with Shearer Property Group for the regeneration of the Churchgate Centre and to progress pre-purchase due diligence, subject to Full Council's final approval of the terms of any proposal.
- 2.3 That Full Council approves a transfer of up to £130k from the Special Reserve to progress the further work required prior to a final decision.

**3. REASONS FOR RECOMMENDATIONS**

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

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

- 4.1 Full Council has received a number of reports on the subject of Churchgate historically (see Background section below) and those reports explored a number of different alternative options for the site. At the current time the alternative options can best be summarised as any combination of the following:-

- i) do nothing; and/or
- ii) await Local Plan adoption and subsequent town centre strategy work; and/or
- iii) allow SPG option to purchase to expire and seek to acquire on the open market.

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

- 5.1 The Leader of the Council and Executive Member for Finance and IT have been kept informed of the discussions with SPG and consulted as appropriate. The Chair of Hitchin Committee has been briefed on the proposals and an all-Member briefing was held on 14 November 2018. The Council has submitted a bid for funding to the Hertfordshire Local Enterprise Partnership in order to make the scheme financially viable as an investment for the Council (see section 8 below).

- 5.2 Following the report to Full Council on 8 February 2018 the Council consulted the community during March/April 2018 on those proposals. The responses were circulated to Members and have been published in full on the Council's website – see <https://www.north-herts.gov.uk/home/council-data-and-performance/land-and-property/hitchin-churchgate-regeneration> . The survey generated responses from 578 people, with some 86% of respondents supporting the idea of regenerating the existing Churchgate Centre to provide improved shop units. An overwhelming majority (93%) of respondents also supported the principle of investing in Hitchin's market to ensure it is fit for the 21st Century.

- 5.3 Key Findings:

- The consultation received 578 responses in total, with 76% of respondents living in Hitchin, 12% living in a village or rural area in North Herts and 6% living in Letchworth.
- 86% of respondents supported the idea of regenerating the existing Churchgate Centre to provide improved shop units.
- Respondents who visited the Churchgate Centre less often than fortnightly were asked what would make them visit more often. The top three responses were: more attractive environment (79%), better quality shops (71%) and more attractive buildings / shop fronts (67%).
- When asked whether they support the principle of regenerating the public space to the rear of the Churchgate Centre, including opening up the views of the Church from the market, 76% of respondents said yes, 11% said no and 13% didn't know.
- The vast majority (93%) of respondents supported the principle of investing in Hitchin's market to ensure it is fit for the 21st Century.

- When asked what types of regular stalls they would like to see in an improved market, the most popular response was food and drink i.e. food consumed at home (81%), followed by street food e.g. tapas (77%), with antiques and home-wares receiving 53% and 50% support respectively.

- 5.4 The results show that there is widespread support for a scheme to improve both the Churchgate Centre and the Market. The feedback is being used to help inform the development of the proposals moving forward. The results for improving the public space in the area also received a positive response, however there were a significant proportion of people who either didn't know if they supported this proposal or didn't support it. In any future consultations plans for this part of the proposal in particular will need to be explained in more detail.
- 5.5 If the proposals progress, a consultation strategy will be developed as part of the legal agreements with the developer.

## **6. FORWARD PLAN**

- 6.1 This report does not contain a recommendation on a key decision and therefore there is no requirement that it be referred to in the Forward Plan. Nonetheless it was added to the Forward Plan on 22 October 2018 for reasons of transparency.

## **7. BACKGROUND**

History of the Council's aspirations and recent decisions (as previously reported to Full Council on 8 February 2018)

- 7.1 The Council has been seeking to regenerate this area of Hitchin town centre for a number of years. It was first identified as an area for development in the Council's Local Plan No.2 adopted on 20 July 1993, and again identified for development in the Local Plan No.2 with alterations adopted on 23 April 1996 and the draft (unadopted) Local Plan No.3 in December 1999. A Hitchin Town Centre Strategy adopted in November 2004 and a Churchgate Area Planning Brief adopted in November 2005 formed the basis of seeking a suitable development partner. The site identified included the Churchgate Centre, the market area and four adjacent car parks. An OJEU procurement process led to Simons Developments having a contract between 2010 and 2013 for the redevelopment opportunity, but they were unable to make sufficient progress towards a viable scheme that was acceptable in design terms and the Council ended the contract in March 2013. Subsequent discussions with the existing leaseholder as to whether a joint approach to redevelopment might achieve a viable scheme ended in February 2016 after the leaseholder accepted their proposals for their Churchgate Extension Scheme were not viable.
- 7.2 A number of challenges have defeated previous attempts to produce a viable scheme for a regeneration, including:–

- the cost of buying, knocking down and rebuilding the existing shopping centre as part of a wider regeneration;
- the cost of replacing car parking that would be lost with a wider regeneration;
- the scale and massing of development required to achieve a viable wider regeneration scheme, in particular with reference to the historic buildings nearby;
- finding a suitable alternative provision for the market;
- the public response to a wider regeneration;
- the limitations of the configuration of the land available;
- achieving viability in a challenging economic market where tenants are not committing to schemes and commercial lending rates remain challenging.

7.3 Since 2008 the Council has had contact with eight different developers, all of whom have been unable to propose a viable regeneration of the wider site. It should be noted that none of these schemes failed for reasons of lack of demand from potential tenants. Hitchin remains an attractive location for retailers and advice provided by lettings agents as part of the investigations of the current proposals shows strong demand, provided the right environment is created. Additionally the previous unsuccessful attempts at regeneration followed the traditional model of being developer led, with the Council not taking a proactive role after developing the planning policy and procuring a developer to lead a scheme. It is clear a different approach is required.

7.4 A fuller history of the project can be found in the reports to NHDC Full Council on 31 January 2013 and 11 February 2016 (links below)

<http://web.north-herts.gov.uk/aksnherts/users/public/admin/kab12.pl?cmte=COU&meet=30&arc=71>  
<http://web.north-herts.gov.uk/aksnherts/users/public/admin/kab12.pl?cmte=COU&meet=93&arc=71>

The decisions in the last three years most relevant to the matters in this report are set out below at paragraphs 7.5 and 7.6.

7.5 On 27 November 2014 Full Council:-

**“RESOLVED:**

...

*(2) That, having considered its aspirations for the future of the Churchgate site and its surrounding area, the Council discontinues the current approach based on the Churchgate Planning Brief and considers alternative approaches for a smaller scheme in the short term; and*

*(3) That Officers be instructed to investigate the Council’s preferred approach, as agreed in (2) above, and report back to Council setting out the options and points for consideration to progress the project.*

**REASON FOR DECISION:** *To allow the Council to clearly state its current aspirations for the Churchgate area of Hitchin in the light of the history of the project to date and provide clarity on its preferred approach going forward.”*

- 7.6 Full Council's most recent decision in respect of Churchgate was on 11 February 2016 where it was:-

***“RESOLVED:***

*(1) That work on the Churchgate Project cease; and*

*(2) That the possibility of acquiring the Churchgate Centre be explored, subject to further consideration of the commercial case for so doing at a future meeting of the Council.*

***REASON FOR DECISION:*** *To review the Council's strategic approach to the site, in an endeavour to find a viable and acceptable solution for the Churchgate Centre and surrounding area.”*

Council Report 8 February 2018

- 7.7 On 5 April 2016 the Council was approached by Shearer Property Group (SPG) (see <http://www.spglondon.com/> ) who explained that they had agreed a binding option to purchase the Churchgate Centre from the existing owner, Hammersmatch. SPG requested to meet with the Council in order to explain its aspirations for the Churchgate Centre. On 8 February 2018 Full Council received a report outlining proposals for a joint venture between the Council and Shearer Property Group to regenerate the Churchgate Shopping Centre, Hitchin Market and the public realm – see <https://democracy.north-herts.gov.uk/ieListDocuments.aspx?CId=136&MIId=154&Ver=4> . The report set out the high level concepts, broad financial arrangements, potential benefits of the proposals and key challenges that needed to be overcome. Following discussion Full Council:-

***“RESOLVED:***

*(1) That the principle of a joint venture regeneration of the Churchgate Centre, with the Council as funder of the regeneration, be supported;*

*(2) That the Deputy Chief Executive, in consultation with the Chief Finance Officer, the Leader of the Council and Executive Member for Finance and IT, be authorised to progress negotiations with Shearer Property Group on the terms of a potential joint venture regeneration of the Churchgate Centre, subject to Full Council's final approval of the terms of any proposal; and*

*(3) That the proposal to allow the contract for the management of Hitchin Market to expire and for the market to be managed in-house, subject to Cabinet's approval, be noted.*

***REASON FOR DECISION:*** *To progress the potential regeneration of the Churchgate Shopping Centre in Hitchin.”*

## **8. RELEVANT CONSIDERATIONS**

### Work undertaken since 8 February 2018

- 8.1 As stated in section 5 above a public consultation exercise was carried out in March/April 2018 by way of online survey. In light of the very positive feedback received there has not been significant changes to the scheme proposals at this stage, although see below for details of how the proposals have evolved. The detailed design work would come later in the process (post Full Council approving the final deal) and will of course include public consultation. Much of the work undertaken has been exploring the potential structure of the arrangement with Shearer Property Group, the funding arrangements for the proposals and ensuring the proposal was financially viable as an investment for the Council.

### Proposals for Churchgate Centre

- 8.2 As previously reported, the proposal is a regeneration of the Churchgate Centre on its existing footprint. In broad terms a new frontage would replace the existing and the centre re-roofed, with some re-configuration of the existing units as required in order to make them suitable for the targeted tenants. In particular the frontage onto Market Place would be completely redesigned and reworked. This transformative “face-lift” of the Centre is intended to create a step change in the quality of the units available, thereby making them more attractive to retailers. The significant advantage of the approach being proposed is that it addresses all of the issues listed in paragraph 7.2 which have affected previous attempts to regenerate the site.
- 8.3 With regard to potential tenants, a mix of food and beverage operators and retailers would be targeted, with some smaller units currently remaining earmarked for existing tenants. The potential tenant mix continues to evolve in response to changing demand within the industry and the scheme is designed to allow for some flexibility of potential tenants. As with any shopping centre key elements in reaching agreement with potential tenants are the incentives they would demand as part of any lease negotiations (for example rent free periods, or contributions to fit out costs) and ensuring an attractive environment from which they operate. A relatively minor change to the proposals is that space on the second floor looking onto Market Place which had previously been earmarked for office space would now become four flats.
- 8.4 The significant change since the previous report to Full Council is the introduction of a three screen cinema, where a potential operator has been identified. A cinema helps support the food and beverage lettings and adds an important leisure use to the balance of the scheme. It has to be acknowledged that cinemas are expensive to include within schemes due to the incentives they require and this has necessitated a lot of work to ensure the proposals remain financially viable with the inclusion of a cinema. A number of the responses to the public survey proactively named a cinema as one of the attractions that would make them more likely to visit the Churchgate Shopping Centre (22% of those who included an answer in the ‘other’ response to that question in the survey).



## Proposals for Hitchin Market and the Public Realm

- 8.5 The market rights are owned by the Council and since the February Full Council meeting the management contract with Hitchin Markets Limited has been extended for a further two years to 31 July 2020 with a break clause on three month notice. The proposals for the Market remain as previously mooted, with a mix of demountable and permanent stalls and the introduction of a canopy over the permanent stalls to improve the attraction for food and drink stalls, which were identified in the survey results as the most popular stall types (see paragraph 5.3).
- 8.6 With regard to the public realm, resurfacing of the 'mall' down the middle of the Churchgate Centre, the new public space, the market area and terrace and steps in front of St Mary's car park would transform the look and feel of the area. Removal of the walls between the current market and the Church would open up the space and provide enhanced views of the Church from the new public space. Additionally consideration can be given to relocation of the electricity sub-station and refurbishment of the toilet block. The level of investment in the public realm and market is dependent on the cost and funding available.

## Funding

- 8.7 The total cost of the proposals being considered is around £23m (excluding borrowing costs). The proposal being put forward is that the Council fund the regeneration (with a significant contribution from the Hertfordshire Local Enterprise Partnership), with SPG providing specialist expertise and knowledge. In return the Council would be sole owner of the completed scheme, receiving all of the income. A detailed breakdown of the finances of the proposed scheme is set out in section 10 of the part 2 report. As previously officers have been working on the prudent basis that the Council would need to borrow from the Public Works Loan Board (PWLB) all sums required for the regeneration of the Churchgate Centre. Local authorities are able to borrow provided that it is in accordance with the Prudential Code, as published by the Chartered Institute of Public Finance and Accountancy (CIPFA). Meeting these requirements needs to be confirmed by the Council's Chief Finance Officer. The Council's Chief Finance Officer is satisfied that the principle of borrowing to fund the regeneration of the shopping centre would meet the requirements of the Prudential Code.
- 8.8 The interest rates charged by PWLB are published twice daily and are not fixed until you draw down the loan. Additionally the rates vary according to the length of loan taken out. Where the Council borrows money to fund capital investment it is a requirement of local government finance rules to make provision for the repayment of the lump sum at the end of the loan period. This is known as the Minimum Revenue Payment (MRP).
- 8.9 As reported previously the Council submitted a bid to the Hertfordshire Local Enterprise Partnership (LEP) for grant funding to cover the cost of the investment in the market and public realm, in response to an open call for applications from economic development projects in Hertfordshire. Whilst the Council was notified on 28 March 2018 that its application had been unsuccessful, the LEP recognised the potential of the proposals and offered to work with the Council on a revised bid relating to the entire proposal (ie the shopping centre, market and public realm). On 5 October 2018 a revised bid was submitted, which is being considered by the LEP. Their process is as follows:-

- Final application received – 5th October
- LEP Officer Sift – 11th October
- Chairs' Panel – 8th November
- LEP Board – 13th December

The approach of the LEP is to be a funder of last resort ie to provide funding which would make an otherwise unviable scheme financially deliverable. The proposals being reported to Full Council are reliant on LEP funding for delivery. If funding is not secured the proposals could not proceed in their current format.

- 8.10 In addition to the LEP funding officers have been exploring other potential external sources of funding. Through the Hertfordshire Property Partnership the Churchgate project has been shortlisted for a £100k revenue funding bid for consultancy support as part of the Government's One Public Estate scheme. The outcome of this bidding process will not be known until the latter part of quarter one 2019. Additionally in the recent Autumn Budget the Government announced a Future Highstreets Fund of £675m as co-funding for Councils for the transformation of high streets. The indicative timetable set out is as follows:-

- Later this year - launch of the prospectus for the Fund
- Spring 2019 - stage 1, expressions of interest
- Summer 2019 - stage 2, more detailed business cases

Officers will continue to monitor announcements relating to this fund to see whether the Churchgate project would meet the eligibility criteria, as any additional grant funding obtained would help to improve the financial viability of the proposals, or allow for further enhancements outside the scope of the current budget.

- 8.11 At Full Council in February 2018 the mechanism for approval of funding bids prior to submission was queried. The submission was in line with the requirements of the Council's Constitution which states at paragraph 14.6.4(a) *"The Chief Executive, the Deputy Chief Executive, Strategic Directors, Heads of Service and Corporate Managers are delegated the following functions, powers and duties for their respective service areas: [...] (ix) National Lottery and external funding applications."*

#### Potential Community Benefits

- 8.12 As Members will be aware the Council has long held aspirations for improvement of the Churchgate Shopping Centre. A brief history is provided in paragraph 7.1 above, however the starting point for those aspirations was even earlier. On 17 November 1986 the Economic Development Sub-Committee received a report titled North Herts Town Centres and their role in the Economy. The report stated "The Churchgate shopping mall is showing its age in many respects and its bland characterless form combines with a need for refurbishment that results in it being considerably less attractive than it could or, indeed, should be." This is therefore an issue that is still not resolved more than thirty years later.

- 8.13 The proposals being explored, if able to be successfully delivered, would finally bring a resolution to the issue of the Churchgate Centre. Additionally the surrounding public realm would be transformed, a new public space created and much needed investment made in Hitchin Market. This investment in the town centre would increase the current offer within the town centre and should provide an economic benefit to the rest of the town. The proposals would also create a number of jobs, both within the Churchgate centre and within Hitchin Market.
- 8.14 Previous reports on the Churchgate Centre have found the existing building to be of a poor quality, to be of bland design and which has not aged well. The existing building does not contribute to and is at odds with the overall character of Hitchin town centre. The regeneration of the Churchgate Centre together with the proposed works to the market and the public realm would provide a welcome opportunity to significantly enhance and improve upon the character and appearance of this part of Hitchin Town Centre and which would also be to the benefit of the wider Hitchin Conservation Area.
- 8.15 In addition to the potential benefits set out above, this proposal could also provide a commercial investment opportunity for the Council. There is scope for an increased revenue stream, which would have potential to increase over time as rents increase (as the interest costs remain fixed over the lifetime of the loan), could therefore help to support the provision of Council services generally.

#### The Future of Hitchin Town Centre

- 8.16 The Council's emerging Local Plan identifies the potential for regeneration of the Churchgate area and the need for additional retail floorspace (paragraphs 13.130 to 13.135 refers – see <https://www.north-herts.gov.uk/files/lp1-proposed-submission-local-planpdf>). The wider site is allocated for mixed use, retail led, schemes as site HT11. The supporting retail studies which underpin that element of the proposed Local Plan (see <https://www.north-herts.gov.uk/files/e2-retail-and-town-centres-background-paperpdf>) show a need for retail space in Hitchin, which supports the information provided by lettings agents that there remains strong interest in Hitchin from potential operators. The proposed regeneration of the existing Churchgate shopping centre does not create much additional floorspace, however there will be a step change in the quality of retail and food and beverage operators who are tenants.
- 8.17 As noted above the amount of additional floor space proposed does not meet the requirements in the emerging Local Plan (and nor is it intended to). It is important to stress that the proposals currently being explored only relate to the Churchgate Centre and market area and does not include any of the wider area identified in the Local Plan. However the proposed regeneration of the Churchgate Centre, Hitchin Market and the public realm would not preclude other incremental development in the future and would in the meantime provide solutions to issues that have previously posed problematic in unlocking the development potential of the wider site.
- 8.18 It should be noted that whilst Hitchin town centre continues to trade well compared to other similar town centres, there are potential threats on the horizon. The development of the A1 retail park at Biggleswade has had an effect on tenant demand, particularly from the retailers located at that retail park. Stevenage Council continue to try to progress their plans for the regeneration of Stevenage town centre. Additionally, the Council is aware of plans for an out of town mixed use scheme park at junction 10 of the M1 including retail, leisure, office and hotel uses. In the light of these potential threats to the vitality of Hitchin Town Centre the case for potential investment, if viable, is only strengthened in order to maintain the health of the town centre economy.

#### Work required prior to final decision

- 8.19 If Full Council continues to support these proposals there remains a number of key steps to be concluded prior to a final decision from Full Council to proceed. As these steps will incur expense Council's continued approval is sought at this stage to minimise abortive costs. The key work remaining includes (but is not limited to):-
- Negotiating and agreeing legal agreements between the Council and SPG, based on the Heads of Terms
  - Ongoing work on the financial viability appraisal to ensure that it reflects any changes to the design proposals and changing market conditions for both costs and potential income
  - Ongoing work to ensure sufficient tenant demand
  - The outcome of the LEP bid
  - Pre-purchase due diligence eg structural surveys
- 8.20 In the event that the above challenges are overcome and Full Council decides to enter into an agreement for the delivery of the regeneration it is anticipated that it would then take, from that point of final decision, approximately twelve to fifteen months to conclude all issues prior to getting on site (including planning, procurement etc) and a further approximately fifteen months of on site construction works.

#### Management of the Project

- 8.21 One of the requirements of any LEP funding is that a project board oversee the project and the LEP be represented on that project board. The configuration of that board will be considered in the next phase of work, in accordance with the requirements of the Council's constitution. In the interim it is therefore recommended that the Deputy Chief Executive be authorised (in consultation with the Chief Finance Officer, the Leader of the Council and Executive Member for Finance and IT) to continue to progress negotiations with SPG, subject to Full Council's final approval of the terms of any proposal. The Council currently has an established project team working on this opportunity, which is led by the Deputy Chief Executive and includes our Service Director Resources (Chief Finance Officer), Service Director Commercial, Legal Commercial Team Manager and Strategic Sites Planning Officer.

#### Conclusions

- 8.22 The proposals being considered would, on the basis of the information currently available, seem to continue to provide the best opportunity the Council has had for finding a solution to the Churchgate issue. In addition, investment in Hitchin Market and the public realm would create opportunities to transform and reinvigorate the area. This investment, if successful, would create jobs and improve this part of Hitchin town centre. The response from the public to the initial consultation exercise was overwhelmingly positive, which has not been the case with other previous proposals. Subject to the consideration of the detailed information, including financial breakdown, set out within the part 2 report, it is recommended to Full Council that this proposal continue to be supported and that further work be undertaken on the outstanding matters in order to report back to Full Council for a final decision on whether to proceed or not.

## **9. LEGAL IMPLICATIONS**

- 9.1 Full Council's terms of reference include at 4.4.1(v) "to authorise the acquisition of land or buildings where the purchase price, premium or initial annual rent (after the expiry of any rent free period) exceeds £2,500,000" and at 4.4.1(b) "approving or adopting the budget", which includes the capital programme.
- 9.2 The responsibility for the decision on the arrangements for the management of Hitchin Market lies with Cabinet. On 27 March 2018 Cabinet made the decision to delegate to the Deputy Chief Executive, in consultation with the Head of Leisure and Environmental Services, the Executive Member for Finance and IT and the Executive Member for Leisure, authority to agree an extension with Hitchin Markets Ltd to manage the market contract in the short term. The market contract has been extended following Cabinet approval in March 2018 on terms that would facilitate refurbishment.
- 9.3 If the Council agrees to the recommendation to progress the negotiation of legal agreements with SPG, officers would need to evaluate alternative options in the event that terms can not be agreed. Officers would also need to ensure that they are satisfied on the balance of risk regarding the procurement of SPG or an alternative service provider. Officers would also need to undertake due diligence on SPG, or alternative service provider, which will include an appraisal of SPG's financial standing and request for satisfactory references.
- 9.4 In accordance with previous reports to Full Council, Members are advised that taking part in Council decisions on the strategy to adopt for the Churchgate Area is unlikely to create a valid perception of predetermination in relation to a Member of the Planning Committee who takes part in the decision relating to any future planning application.

## **10. FINANCIAL IMPLICATIONS**

- 10.1 The majority of the financial implications are contained within the part 2 report as they include information which is commercially confidential.

### Current Situation

- 10.2 The Council currently owns the freehold of the Churchgate Shopping Centre and receives a rent that is linked to the rental income achieved by the leaseholder (Hammersmatch). Rent reviews are every 14 years (next one is due in 2024) and are upwards only. The amount received is about 1/3rd of the income being generated at the review date. The current income being received is £140k per year.
- 10.3 The market is currently run under a management agreement by Hitchin Markets Limited (HML). The Council receives an income of £28k per year.

### Costs to date

- 10.4 Since the last Council report in February 2018, the Council has incurred costs in relation to:
- A valuation of the leasehold of the Churchgate Shopping Centre to determine if the option price agreed by SPG could be justified. This is particularly relevant if the Shopping Centre is purchased and then plan A was not successful. Cost of £15k.
  - Advice from BNP Paribas for development consultancy support. Cost of £28k.
  - Financial, tax and legal advice from Grant Thornton in respect of this project and also in relation to forming a property company. Total cost of £26k.
  - Legal procurement advice in relation to appointing SPG as a development manager. Cost of just over £1k.
- 10.5 The above costs have been met from existing budgets including:
- Funding of £53k previously allocated by Full Council for investigating alternative proposals for the Churchgate Centre that has been carried forward from previous years.
  - Funding of £94k for investigating commercial opportunities.
- 10.6 In general these costs are not included within the development financial appraisal. These costs would be treated as revenue (i.e. not capital) costs.

### Expected costs up to purchase

- 10.7 These are fully detailed in the part 2 report. They are expected to be up to £130k. Council is requested to approve a transfer of up to £130k from the Special Reserve to cover these costs. The current balance in the reserve is £1.72m. The reserve was set up for a variety of purposes that included the up-front costs of large investment projects.

### Purchase and regeneration

- 10.8 The detail of the costs of purchase and regeneration are contained within the part 2 report.
- 10.9 The total costs to the Council (excluding financing costs) are estimated to be around £23m. It is estimated that just over £20m of these costs will be capital, and around £3m will be revenue. The amount requested from the LEP has been based on the Council achieving a net neutral position based on prudent assumptions. If these assumptions are exceeded then the Council would generate a surplus from the regeneration.
- 10.10 The Council is able to fund capital projects from the follow sources:
- Capital reserves
  - Grants and other contributions
  - Revenue funding
  - Prudential borrowing

The funding received from the housing stock transfer in 2003 has meant that for a number of years the Council has funded its capital programme from capital reserves, and any grants and contributions that have been available. The currently agreed capital programme shows that to fund the current capital programme there will be a need to top up capital reserves from the sale of surplus land and buildings.

- 10.11 When borrowing for capital expenditure, the Prudential Code (published by CIPFA) determines that the Council must consider whether it is Affordable and Prudent. The consideration of affordability relates to whether the Council can meet the revenue costs of the borrowing, which will be made up of interest and Minimum Revenue Provision (MRP). The expectation is that these will be more than covered by the income from the investment, although they may need to be partly covered from the General Fund during the first few years (i.e. during construction and the early years of operation). Prudence relates to an assessment of the risk, both individually and in the context of the wider treasury position of the Council. As the Council only has a small amount of historic borrowing, this is not a significant factor.
- 10.12 When the Council borrows money to fund a capital investment, it is required to set aside an annual provision for the repayment of the debt. This is known as a Minimum Revenue Provision (MRP) and is a cost to the general fund. There is some discretion as to the phasing of when this is set aside, but it should be linked to the life of the asset it is funding and the benefits that accrue from that asset.
- 10.13 The revenue analysis makes the following prudent assumptions. All of the opportunities for cost reductions need to be considered in the context of the wider capital and treasury strategies:
- The Council will need to borrow all the capital costs of the scheme (except those that will be reimbursed by the LEP). The current capital programme includes an allocation of £2.5m for a pension fund payment. This funding could be notionally reallocated to this project instead. For every £1m that is funded from capital reserves (rather than borrowing) it reduces costs by around £40k per year – based on avoiding interest costs at 3% and MRP at 2.5% but with estimated lost investment income at 1.5%.
  - The Council will externally borrow for all the capital costs of the scheme. The Council can internally borrow against its revenue reserves, which means that interest costs are avoided although it does also reduce investment income. However the margin between interest rates for borrowing and investment means that every £1m that is borrowed internally is a saving of around £15k. Based on current forecasts of general fund and specific reserves, the Council could internally borrow over £12m.
  - The borrowing will be over a 40 year period with repayment at the end of 40 years. The current Public Works Loan Board rate for this period is around 2.7%. The Council's treasury advisors forecast that this rate will increase over the next two years, so 3% has been used as an estimate. The rate of borrowing is only confirmed on the day that the loan is taken out. The Council would reduce its borrowing costs by repaying the loan over its life and/ or by structuring the borrowing so that it was over a shorter period.

- It is being assumed that there will be no inflation increases in the rental income received, as a result the MRP is being charged equally over the life of the asset which is being assumed to be 40 years. If it was expected that there would be inflation then the MRP policy could be changed so that a lower amount was charged in the earlier years and more was charged in later years (i.e. matching the MRP charge to the income generated by the shopping centre). This would improve the revenue position in the earlier years.

10.14 All of the totals above are exclusive of VAT as the contracts will be in the name of the Council and will be able to recover the VAT paid.

### Plan B

10.15 The Council would only acquire the leasehold if there was a good prospect that the plan A scheme could go ahead. However during the period between acquiring the leasehold and starting building work, it is possible that circumstances might make this either impossible or not desirable. At that point the Council could revert to an alternative option. The part 2 report considers what these alternative options could be and the cost implications of them.

## **11. RISK IMPLICATIONS**

11.1 The financial risks are detailed in the part 2 report and include:

- a sensitivity analysis in relation to lettings achieved and capital build costs
- a consideration of the plan B options if the leasehold was purchased and the planned scheme could not go ahead.

11.2 As part of the LEP bidding process an initial risk log has been created, which identifies 23 potential risks, their consequences and mitigating action required. This risk log will be developed as formal project management arrangements are considered. If the proposals move forward then the project is likely to be proposed as a Top Risk which is then monitored and updated regularly as part of the Council's risk management procedures.

11.3 The Council's Risk and Opportunities Management Strategy refers to Contractors and Partners as follows: *"Contractors and Partners are included in the Risk & Opportunities Management Strategy for NHDC. The risk appetite for both contractors and partners should be considered prior to engaging into contracts or partnerships. Ideally a joint Risk Register should be in place for significant contracts and partnerships. In order to achieve the Council's objectives, Client Officers/relationship managers should implement an ongoing review of risks jointly with appropriate contractors and partners."* A joint register would be created for this project.

## **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 Any regeneration proposals for the site will need to consider proposals for thoroughfares, access, surface treatments etc and the needs of the users of the resulting development. These will be considered and recorded under separate equality analysis at the relevant time.



### **13. SOCIAL VALUE IMPLICATIONS**

- 13.1 The Social Value Act and “go local” policy do not apply to this report due to the nature of the decisions Full Council is being asked to make.
- 13.2 However, any decision Council may make in the future with regard to the regeneration of Churchgate which could, either in whole or part, constitute a public service contract would need to report on the social value implications of each/any option at the time of consideration. This would, in brief, consider how every £1 spent could best be spent to benefit the local community, which may include award of some aspects of redevelopment or management of the centre etc. by local social enterprises, a contractor offering an apprentice scheme or similar.
- 13.3 The Council will ensure that Social Value is built in to the procurement processes for the project and encourage the use of local suppliers and trades wherever possible. The Council was able to achieve Social Value outcomes from a recent construction contract on its office building (e.g. building projects with local schools and sponsoring a charitable event). The Council plans to build similar ideas in to this construction contract.

### **14. HUMAN RESOURCE IMPLICATIONS**

- 14.1 The current work undertaken to this point has been met from existing resources, with additional external development consultancy expertise sought to support internal skills and knowledge. An internal team of officers including financial, legal, planning and technical expertise has been identified to support the Deputy Chief Executive. The ongoing resourcing requirements will be considered as part of the next phase of work, if Council supports the principle of the proposals, have been factored into service plans for 2018/19 and will be included in 2019/20. Additionally the internal resourcing will be considered in the light of any changing responsibilities as a result of the senior management restructure.

### **15. APPENDICES**

- 15.1 Appendix A – Indicative Site Plan, ground floor and first floor

### **16. CONTACT OFFICERS**

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**17. BACKGROUND PAPERS**

- 17.1 Reports on previous Churchgate proposals to Full Council dated 31 January 2013, 11 February 2016 and 8 February 2018
- 17.2 Draft Local Plan

NOTES

This drawing must not be loaded. Use figure dimensions.

Any dimensions shown on this drawing are approximate and should be used as a guide only. The final dimensions of the building should be confirmed by the client and the architect.

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REV	DATE	BY	DESCRIPTION	CHK
1	15/05/16	AK	ISSUED FOR INFORMATION	
2	15/05/16	AK	ISSUED FOR INFORMATION	

PROJECT

CHURCHGATE  
HITCHIN

CLIENT

SPG

ARCHITECT

CHAPMAN TAYLOR  
ARCHITECTS & PLANNERS  
15, CHURCHGATE, HITCHIN, Herts SG4 7AT  
01462 444444  
www.chapmantaylor.com

DRAWING TITLE

GROUND FLOOR PLAN  
CHURCHGATE CENTRE HITCHIN  
CINEMA OPTION

DATE

15/05/16

SCALE

1:250 @ A1  
1:500 @ A3

PRELIMINARY

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## **COUNCIL**

**22 November 2018**

### **\*PART 1 – PUBLIC DOCUMENT**

#### **TITLE OF REPORT: MEMBERS' ALLOWANCES SCHEME 2019/20**

REPORT OF THE SERVICE DIRECTOR: LEGAL AND COMMUNITY

EXECUTIVE MEMBER – LEADER OF THE COUNCIL (COUNCILLOR MRS. L. A. NEEDHAM)

#### **1. EXECUTIVE SUMMARY**

- 1.1 The Council is required on an annual basis to adopt a Members' Allowances Scheme (the Scheme) which comes into effect from 1 April each year. The recommended Scheme appended at B is based on the last Independent Remuneration Panel's ('the Panel') recommendations for 2017/18 at Appendix A, for the reasons set out in the report. The Council is also ask to consider the payment of a proposed Honorarium to Panel members to assist with recruitment/ or where possible, the appointment of neighbouring authorities' members to the NHDC Panel.

#### **2. RECOMMENDATIONS**

That the Council:

- 2.1 agrees the Scheme for financial year 2019/20 as set out in Appendix B<sup>1</sup>;
- 2.2 agrees to the payment of an Honorarium of £500 to each member of the Panel, for any year that a Panel reviews and prepares a report on Members' Allowances.

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

- 3.1 To ensure that the Council meets statutory requirements. Improve the possibility of having a Panel to review Members' allowances.

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

##### **Recommendation 2.1:**

- 4.1. Under the relevant legislation (detailed below), prior to the beginning of the (financial) year the Council must approve a Scheme of basic and other prescribed Member's Allowances<sup>2</sup>.
- 4.2. In making or amending a Scheme the Council shall have regard to the recommendations made by the Panel. The last time the Panel considered and made recommendations was in 2016 for 2017/18 (as approved by Full Council in January 2017). The minimum number of Panel members is three and the Council currently only has one Panel member; therefore, there is no Panel at NHDC who can legally consider this issue. The Council undertook a recruitment exercise in September/ October 2018, however, it did not receive any applications. See also consultations with Group Leaders under section 5.

<sup>1</sup> Amended as per the tracked changes.

<sup>2</sup> Regulation 10 The Local Authorities (Members' Allowances) (England) Regulations 2003

- 4.3. Otherwise, the only recommendations that can be considered are those recommended to Council in January 2017 for 2017/18. The only potential variation to the Scheme at Appendix B relates to the redistribution of the Cabinet Members allowances as detailed under section 7 of the report, namely the allowance of £7000 between the then seven Executive Members could become £8,166 between six Executive Members, as per section 9.4 of Appendix B, and the further changes that apply due to Group Membership numbers for the Opposition and Third Party Leaders.

**Recommendation 2.2:**

- 4.4. In respect of recommendation 2.2, the Council does not currently pay an allowance/Honorarium and could chose to continue not to do so. However, given the recent recruitment exercise, it is envisaged that this would limit the Council's ability to appoint sufficient Panel members. It is therefore not advised.

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

- 5.1. All Group Leaders were consulted on the issue of the Scheme potentially remaining at the 2017/18 levels, *prior to the final recruitment outcome being confirmed*. It is understood that they further consulted their Groups and confirmed that they were prepared for the Members Allowances to effectively remaining at 2017/18 levels. The Council has, however, subsequently been unable to recruit sufficient Panel members in any event to undertake the necessary review. Therefore the annual Scheme can only be made with reference to the last Panel recommendations for 2017/18.

**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, as this is a decision of full Council.

**7. BACKGROUND**

- 7.1. The Council is required under the Local Authorities (Members' Allowances) (England) Regulations 2003 (as amended) to agree on an annual basis a Scheme of Allowances payable to Members' for the following financial year. Under the Regulations, when making or amending a Scheme, the Council is required to have regard to the recommendations of an Independent Remuneration Panel (Regulation 19). The Regulations state that before the beginning of each year the authority shall make a Scheme for the allowances for that year. The Members Allowance Scheme is comprehensive and includes Basic Allowances, Special Responsibility Allowances (for posts which carry specific responsibilities) and other allowances and expenses that may be claimed.
- 7.2. A Panel last made recommendations following a review in 2016 and these were approved by Full Council on 19 January 2017<sup>3</sup>. The recommendations of the Panel at the time were based upon comparisons with other local authority Schemes, and were

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<sup>3</sup> [Appendix B - Draft Members' Allowances Scheme 2017/18 based on the advice of the Panel](#)



set out in the Appendix to the 2017 report<sup>4</sup>. Minor errors at the time were corrected by Full Council and the approved Scheme was made available on the Council's website<sup>5</sup>.

- 7.3. On 18 January 2018 Members' Allowances were considered again by Full Council when a proposal was put forwards to increase the 2017/18 Allowances by 2% for implementation on 1 April for 2018/19 (as a form of indexation). In order for the Council to approve such an increase, however, this would have had to be approved in the original report of 2016, or by way of a mini review prior to implementation. The Panel at the time was unwilling to consider the situation due to the timescales and therefore in the absence of such approval the 2% increase could not legally be paid.
- 7.4. Members were notified via the Member Information Service on 29 March 2018 that the allowances that they thought they had approved could not be paid. Full Council subsequently considered the issue at its April meeting following a motion by the Leader of Council, noting that the decision of 18 January 2018 had been improperly made and that the adopted Scheme for 2017/18 would remain in place without amendment for 2018/19<sup>6</sup>.

## **8. RELEVANT CONSIDERATIONS**

### **Adoption of a Scheme for 2019/20**

- 8.1. The Council only has one current Panel member (whose term ends on or about 1 January 2020). A recruitment exercise was started in late September (including a press release and adverts in the Royston Crow and Comet), with proposed close and interview dates in October. During this time, discussions also took place with all Group Leaders regarding allowances and the possibility that these would remain at the level approved for 2017/18. All Group Leaders confirmed that this proposal could be put forward to Council. Subsequently, the Council received no applications for Panel membership and therefore does not have sufficient members to undertake a further review of Members' allowances at this time in any event.
- 8.2. The Council has to consider and approve a Scheme annually, and as indicated that can only be approved having considered the recommendations of a Panel ( which was last made in 2016 for 2017/18). The recommendations and approved Scheme for 2017/18 are Appended at A and B (B showing proposed changes for 2019/20).
- 8.3. Members should note, however, that pensions are referred to in the 2017/18 Scheme. As from 1 April 2014, Councillors in England were unable to join the Local Government Pension Scheme (LGPS). Those Members in England who were in the Scheme on the 31 March 2014 were able to remain in the Scheme until the end of their current term of office. Councillors in England are not able to re-join the LGPS in any subsequent term of office in which they served<sup>7</sup>.
- 8.4. As per the Panel report (Appendix A), the following are therefore potentially payable in terms of the Basic and Special Responsibility Allowances:

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<sup>4</sup> [Appendix A - The advice of the Independent Remuneration Panel](#); & [Annex 1 to Appendix A](#), NB at the 2017 meeting an Errata was tabled to correct: Paragraph 4.6 - The survey results (Annex1) referred to are attached to this note; & Paragraph 17 - Cabinet Members: should read: £7,000

<sup>5</sup> [Members' Allowances Scheme 2017/18](#)

<sup>6</sup> Full motion and minutes on: <https://democracy.north-herts.gov.uk/ieListDocuments.aspx?CId=136&MId=155&Ver=4>

<sup>7</sup> LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014

## **The Basic Allowance £5000**

### **The Special Responsibility Allowance (SRA):**

- **Leader: £15,000**
- **Deputy Leader: £1,500**
- **Cabinet: £8166**

*[Note at 9.4 of the report, the Panel indicated that should the number of NHDC Cabinet Members be reduced it would be “appropriate to consider sharing the Allowance amongst the remaining roles”. There is currently one less Executive Member and therefore the amount above reflects 6 Executive Members].*

- **Opposition Leader & Leader of the Third Party:** £3,500 for the Leader of the Opposition and an allowance of £1750 per annum for the Leader of the Liberal Democrats. *Note this is variable according to size of the Group at £250 per Group member and part year payment applicable.*
- **Chairmen of Planning Control, Overview and Scrutiny, and Finance, Audit and Risk**
  - a) **Chairman of Planning Control: £6,000 per annum.**
  - b) **Chairman of Overview and Scrutiny: £3,500 per annum.**
  - c) **Chairman of Finance Audit and Risk: £3,000 per annum.**
- **Area Committee Chairmen: £2,000 per annum.**

**Subsistence Allowances:** were also dealt with the original Panel report at paragraph 14, and this has been included in the proposed Scheme at Appendix B.

Other Allowances are as set out under Appendix B. Payments under the Scheme are subject to income tax and national insurance.

- 8.5. Whilst this Scheme would be the adopted Scheme for 2019/20, should Group Membership numbers change, then there is flexibility within the current arrangements to re-align payments for the Opposition and Third party group Leaders.

### **Further recruitment/ appointment & potential Honorarium:**

- 8.6. The Council undertook a recruitment exercise in September/ October 2018 and unfortunately received no applications. The Council will need to recruit / appoint at least two further Panel members to complete a review and report in 2019 for 2020-21. It is possible to consider approaching other local authorities to see if their Panel members would consider becoming part of the NHDC Panel (and to be appointed accordingly) and/ or undertake a further recruitment exercise. In either situation it is anticipated that the payment of an Honorarium (to be payable for any years that the Panel review Members Allowances and make recommendations), *may* encourage applications, or a Panel member from another authority to be willing to undertake this role for NHDC. It is understood that one of the nearest local authorities (East Hertfordshire) pays an Honorarium to its Panel members of £250 each per annum (by way of an effective annual retainer). The appointment of Panel members is currently delegated to the Service Director: Resources having consulted the Monitoring Officer and Group Leaders as to any reason why member(s) are not independent<sup>8</sup>.
- 8.7. It is proposed that following the Council's decision on this issue a further exercise will be undertaken, with the view that a more detailed review is carried out by the Panel (and the issue of indexation considered at the same time), during 2019.

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<sup>8</sup> Section 14.6.12(vi).

## **9. LEGAL IMPLICATIONS**

- 9.1. The Local Government and Housing Act 1989, Local Government Act 2000 and the Local Authorities (Members' Allowances) (England) Regulations 2003/1021 (as amended) make provisions (as described) regarding the setting of Members Allowances. Regulation 10(1)-(2) provides that before the beginning of each year, an authority shall make the Scheme required for payment of basic and other allowances. The Scheme may also be amended at any time (following the advice of a Panel), but may only be revoked (when new Executive arrangements/ alternative arrangements are adopted) with effect from the beginning of the year (Regulation 10(4)). Where an amendment is made, it is possible under Regulation 10(6) for the Panel to recommend that an allowance payable in that year can be backdated to apply from the beginning of the year (Regulations 10(6)). Therefore, during 2019/20 once a Panel is appointed, it is possible for the Panel to review and consider any marked disparities that arise following the elections in 2019 / report, so that this can be "backdated".
- 9.2. In respect of the Honoraria: An authority may also pay the expenses incurred by a Panel for carrying out its functions and may pay the members of the Panel such allowances or expenses as the authority or authorities for which it makes recommendations may determine as per Regulation 20(2).
- 9.3. The adopted Scheme must be published in at least one or more newspapers "circulating" in the District area under Regulation 16.
- 9.4. The function of making any Scheme authorised or required by regulations under section 18 (Schemes for basic, attendance and special responsibility allowances for local authority members) of the Local Government and Housing Act 1989, or of amending, revoking or replacing any such Scheme, is a Full Council responsibility, by virtue of The Local Authorities (Functions and Responsibilities) (England) Regulations 2000/2853. This is therefore detailed as a function and reserved to Full Council under section 4.4.1(i).

## **10. FINANCIAL IMPLICATIONS**

- 10.1 The current base budget includes provision of £339, 600 for Members allowances. An additional amount is required to cover the payments to the Opposition and Third Party Leaders (to cover their increased membership of £1500) i.e. a base budget of £341,100.
- 10.2 Additionally as part of the budget-setting process for 2019/20, Council will be asked to agree a budget pressure of £1,500 per year on an ongoing basis. This will fund Honoraria for three panel members at £500 each per year.
- 10.3 The Scheme will have to be advertised in one or more local papers at a cost in the region of £200-400, which should be covered by existing budget provision.

## **11. RISK IMPLICATIONS**

- 11.1 None contained within this report.

## **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 inclusion of the dependent carers and childcare allowance continues to provide assistance to Councillors' to fulfil their responsibilities and provide recompense to them.

## **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.

## **14. HUMAN RESOURCE IMPLICATIONS**

- 14.1 Members allowances are paid by the payroll provider currently Serco and any changes need to be notified to the provider to ensure the correct rates are paid. Committee Services process councillors pay

## **15. APPENDICES**

- 15.1. Appendix A - Report of IRP Panel for 2017/18 Allowances;
- 15.2. Appendix B - Allowances 2017-18 approved for 2018-19 and proposed for approval 2019-20 as amended.

## **16. CONTACT OFFICERS**

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## **17. BACKGROUND PAPERS**

- 17.1 19 January 2017 Full Council page containing relevant reports, appendices and minutes: <https://democracy.north-herts.gov.uk/CeListDocuments.aspx?Committeeld=136&MeetingId=517&DF=19%2f01%2f2017&Ver=2>

# **NHDC MEMBERS' ALLOWANCES SCHEME 2017 / 2018**

## **REPORT OF THE INDEPENDENT REMUNERATION PANEL**

### **1. Introduction**

- 1.1 The Independent Remuneration Panel consists of five members all of whom have been appointed by the Council to provide advice on the Scheme of Members' Allowances'.
- 1.2 The Panel members all reside within the District and between them bring a broad range of experience from their working lives in both private and public sectors. The Panel members are: - Edward Franklin, Hilary Oughton, Andrew Tough and Michael Goddard. Ed Franklin was re-appointed chairman of the Panel.
- 1.3 In addition to meetings between September and November 2016, the Panel also conducted a survey of the views of Councillors. They were once again supported by David Miley, the Democratic Services Manager throughout their meetings, and are grateful to David for the invaluable support he provided throughout the review process.

### **2. Information requested**

- 2.1 Prior to the first meeting of the year the Panel requested details of the allowances paid by other authorities within both the Audit Commission's Family Group (AFG) and the other Hertfordshire authorities (HA's). The Panel also reviewed the previous year's report and the minutes of the Council meeting where the previous year's vote was conducted.
- 2.2 In addition, the Panel also requested information on the number of candidates standing for election during the most recent local elections and bi-election.

### **3. Input from Councillors**

- 3.1 Having met with various Councillors over the previous three years and attended the debate and vote on the recommendations in previous years, the Panel felt it was appropriate to gather the opinion from as many Councillors as possible.
- 3.2 In last year's report, the Panel had suggested that the logging of time spent by Councillors over a fixed period of time would aid recommendations on allowances, particularly Special Responsibility Allowances.
- 3.3 The Panel explored the possibility of such a study and discussed a previous exercise with David Miley. In addition, the Panel reviewed the responses to the 2007 survey of Councillors and concluded that an online survey on time spent and views on remuneration levels would be the most appropriate approach.

### **4. Survey of NHDC Councillors' view on Allowances**

- 4.1 All current Councillors were invited to complete a brief survey on their time spent on Council business and their views on Allowances.
- 4.2 The Panel is grateful to the 16 Councillors who completed at least part of the survey, However while recognising the time pressure limitation of Councillors, the Panel are disappointed that more members did not complete the survey.
- 4.3 The survey was designed to give all Councillors the opportunity to have their view on allowances, and to share anything that they felt to be relevant to the Panel's deliberations. The Panel felt that giving everyone an equal opportunity to have their voice heard was a better approach than interviewing some Councillors face to face as in previous years.

- 4.4 If the exercise were to be repeated, the Panel hope more Councillors will contribute would take the time to share their opinions on Allowances.
- 4.5 The Panel would particularly like to get the views of Councillors who don't receive a Special Responsibility Allowance, as only four of the responses were from Councillors who only get the Basic Allowance.
- 4.6 References to the results to the relevant questions in the survey are contained in the following recommendations on Basic Allowance and SRAs. The full anonymised results of the survey are contained with the Appendix to this report.

## **5. The Basic Allowance paid to all Members**

- 5.1 The Panel reviewed the level of Allowances paid to the members of authorities within the AFG as well as the other District and Borough Councils within the HAs.
- 5.2 The Panel noted that in central Government, the new Chancellor has moved away from the policy of austerity adopted by his predecessor. However, there was recognition that such changes centrally do not automatically filter down to public spending at a local authority level, and if they do there may be a delays before the impact is felt.
- 5.3 The Panel felt that while the Audit Family Groups (AFG) are no longer maintained, since the demise of the Audit Commission, that they still represent a valid group of authorities to compare allowance levels with and have more similarities with NHDC than some of the other Hertfordshire Authorities, particularly Stevenage and Watford Borough Council.
- 5.4 The Panel noted that the mean average Basic Allowance for the AFG Authorities and the HAs (excluding Watford and Stevenage) is £4,936 for the 2016-17 financial year (£4,817 for the AFG and £5,055 for the HAs). The median payment is slightly lower at £4,798 per annum.
- 5.5 The Panel felt that with only four Councillors not paid a SRA responding to the survey it was difficult to get a real sense of the correlation between Basic Allowance and time spent on Council business. However, while the sample size makes conclusions hard, the Panel noted that, of those four respondents, the time spent ranged from three to 40 hours per week.
- 5.6 Responses to the survey question "At what level should the Basic Allowance be for 2017-18" gave a mean average of £5,539 and a median of £5,500. The spread of responses was £4,500-£9,000, with a relatively high standard deviation of £1,043 per annum.
- 5.7 Having carefully considered the information available the Panel felt that there should be an increase in the Basic Allowance paid to all members for the year 2016/17 and recommend that it is set at £5,000 per annum.

## **6. Special Responsibility Allowances**

- 6.1 The panel was reminded that the Special Responsibility Allowance (SRA) was a payment made to reflect *significant* additional responsibilities and that not every additional responsibility need be so great as to warrant the payment of a SRA.
- 6.2 Bearing in mind this guidance issued by Government concerning SRAs, the Panel considered the positions for which a SRA was paid by authorities within both the AFG and the HAs, together with the value of that payment in both the current and previous financial years.

## **7. Leader**

- 7.1 The role of Leader of the Council remains the lowest in the audit family and has been a topic of great consideration in each year of the proceeding three years for the current Panel. The

Panel had in fact recommended an increase to the role of Leader in the report for 2013, however these recommendations were not adopted by the Council.

- 7.2 The Panel noted that the mean average Leader's Allowance for the AFG Authorities and the HAs (excluding Watford and Stevenage) is £16,095 for the 2016-17 financial year (£17,344 for the AFG and £14,847 for the HAs). The median payment across both is slightly lower at £15,064.
- 7.3 The panel also noted that of the 12 of the other 16 councils that make up the combined AFG and HA, have fewer cabinet members than NHDC, which in theory could mean greater support for the Leader and their workload.
- 7.4 The results of the survey suggested widespread agreement amongst Councillors that the Leader's Allowance was at too low a level. Over 50% of respondents said the current amount was much too low, and only 2 said the figure was "about right". The remainder answered that the figure was a little low.
- 7.5 Responses to the survey question "At what level should the Leader's Allowance be for 2017-18" gave a mean average of £16,353 and a median of £15,500. The spread of responses was £10,500-£24,850 with a standard deviation of £3,526.
- 7.6 Having carefully considered the information available, the Panel felt that there should be an increase in the SRA paid to the leader for the year 2016/17 and recommend that it is set at £15,000.

## **8 Deputy Leader**

- 8.1 It was noted that half of the AFG authorities make no such payment to the Deputy Leader and only four of the nine HA's make such a payment.
- 8.2 However, payment to a deputy leader has been long established in NHDC and the results of the survey suggest that Councillors do not feel the current allowance is not substantially too high or too low. The average response is very narrowly pointing at "a little too low".
- 8.3 Noting the survey response, and that the role of Deputy Leader is closely linked to the Council Leader's own role, the panel are recommending that SRA for the role is set at 10% of the Leader's Allowance, meaning it would be £1,500 for 2016-17.

## **9 Cabinet**

- 9.1 The Panel noted that the mean average Cabinet Allowance for the AFG Authorities and the HAs (excluding Watford and Stevenage) is £8,057 for the 2016-17 financial year (£7,989 for the AFG and £8,124 for the HAs). The median payment across both is £8,319.
- 9.2 However, with the other Authorities have an average of seven Cabinet Members, and the Panel felt that the lower Allowance per Cabinet Member in NHDC was a fair reflection of this.
- 9.3 Having carefully considered the information available, the Panel felt that there should be a slight increase in the SRA paid to Cabinet Members for the year 2016/17 and recommend that it is set at £7,000.
- 9.4 The Panel noted that, should the number of NHDC Cabinet Members be reduced, it would be appropriate to consider sharing the Allowance amongst the remaining roles.

## **10 Opposition Leader & Leader of the Third Party**

- 10.1 The Panel considered the possibility of an allowance for opposition leaders linked to both the Basic Allowance and the number of currently elected Councillors for their parties.
- 10.2 Several other Authorities in the AFG and HA have a figure per Councillor, ranging from £100 per member up to £376.
- 10.3 Having considered all the information, including the results of the survey, the Panel recommends that the Leader of the opposition and Leader of the third party receive a Special Responsibility Allowance of £250 per annum per elected Councillor. This is also 5% of the new recommended Basic Allowance.
- 10.4 The Panel proposes that this rate is calculated from the current Council makeup and remains in place for the upcoming financial year, meaning an allowance of £3,000 for the Leader of the Opposition and an allowance of £750 per annum for the Leader of the Liberal Democrats.

## **11 Chairman of Planning Control, Overview and Scrutiny, and Finance, Audit and Risk**

- 11.1 The Panel considered each of the other SRAs individually and reviewed the level of SRAs paid to members of authorities within the AFG as well as the other District and Borough Councils within the HAs.
- 11.2 The Panel also considered the responses to the survey, along with the recommendations for the other roles.
- 11.3 The recommendations for the Chairman roles are as follows:
  - a) Chairman of Planning Control: £6,000 per annum.
  - b) Chairman of Overview and Scrutiny: £3,500 per annum.
  - c) Chairman of Finance Audit and Risk: £3,000 per annum.

## **12 Area Committees**

- 12.1 North Hertfordshire is now the only Council within either of the AFG or HA's to pay a SRA to the chairmen of Area Committees.
- 12.2 The Panel was informed that funds for the awarding of grants, one of the key roles of Area Committees, had been substantially cut, however the Panel recognised that this cut did not necessarily mean a reduction in the number of applications or grants being considered.
- 12.3 The Panel did give consideration to whether these roles still met the Government recommendation on Special Responsibility Allowances, particularly as they no longer consider planning issues and the reduction in the number of meetings being held annually.
- 12.4 However, after consideration the Panel is recommending that there is still an SRA for Area Committee Chairs and for the year 2016/17 this should be set at £2,000 p.a.

## **13. Travelling Allowances**

- 13.1 The panel reviewed the recommendations made last year and the impact of their introduction.
- 13.2 The Panel was satisfied with the result of bringing Mileage Allowance Payments (MAP) in line with the HMRC approved amounts for cars, motorcycles and bicycles of 45 pence per mile for cars for the first 10,000 miles and 25 pence per mile thereafter.



- 13.3 The panel therefore recommends continuing the existing allowance of 45 pence per mile for cars for the first 10,000 miles and 25 pence per mile thereafter, along with a motorcycle allowance of 24 pence per mile and bike allowance of 20 pence per mile.

#### **14. Subsistence Allowances**

- 14.1 The Panel considered that the existing allowances, being the same as those used for the payment of staff claims for meals taken away from home, continue to be paid at the rate set and from time to time amended by the NJC.

#### **15. Childcare Allowance**

- 15.1 The Panel recommends no change to the current arrangements within the Scheme of Allowances, whereby a Member may claim an amount not exceeding the Living Wage as set and from time-to-time amended by the Government.

#### **16. Dependent Carers' Allowance**

- 16.1 The Panel was content with the existing arrangements with the Scheme where specialist care is required for a dependent relative to enable a member to perform authorised duties.

#### **17. Summary of Recommendations**

- 16.1 Basic Allowance: £5,000 per annum.

- 16.2 Special Responsibility Allowances (per annum):

- a) Leader: £15,000
- b) Deputy: £1,500
- c) Cabinet: £7,500
- d) Opposition & 3rd Party: £250 per Councillor
- e) Chairman of Planning Control: £6,000
- f) Chairman of Overview and Scrutiny: £3,500
- g) Chairman of Finance Audit and Risk: £3,000
- h) Chairmen of Area Committee: £2,000

- 16.3 **Mileage Allowances:** that all mileage continues to be paid at the HMRC approved mileage rate, currently 45p per mile for cars

- 16.4 **Subsistence Allowances:** that subsistence allowances continue to be paid at the rate set and from time to time amended by the National Joint Council.

- 16.5 **Childcare Allowance:** that claims for childcare be paid up to an amount but not exceeding the figure fixed by the Government for the Living Wage.

- 16.6 **Dependent Carers' Allowance:** that no change be made to the existing arrangements available to any Member who has the need to provide a carer for a dependent relative in order to be able to perform authorised duties.

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## MEMBERS' ALLOWANCES SCHEME ~~2017/18~~2019/20

### 1. Definitions

In this scheme:

"Council" means North Hertfordshire District Council;

"Councillor" means a Member of the Council who is a Councillor;

"year" means the 12 months ended 31 March;

\*figures shown in brackets represent allowances for 2016/17.

[# ] figure represents the allowance paid to Executive Members when there were 7. Updated figure based on 6 Cabinet Members.

### 2. Commencement and Duration

This scheme shall have effect for the year commencing 1 April 2017 and for subsequent years, save that the Council may amend the scheme at any time subject to the provisions of paragraph 8 hereunder.

### 3. Basic Allowance

Subject to paragraph 8, a basic allowance of £5,000 (£4,500)\* shall be paid to each Councillor (x49) for each year.

### 4. Special Responsibility Allowance

For each year a special responsibility allowance in the amounts indicated below shall be paid to those Councillors who hold the following special responsibilities:-

Leader of the Council	£15,000 (£12,600)*
Deputy Leader of the Council	£1,500 (£1,260)
Cabinet <del>Portfolio</del> Executive Members (x6)	£ <del>8166</del> <u>[#7,000]</u> -(£6,930)
Chairmen - Area Committees (x 5)	£2,000 (£2,205)
Chairman of Finance, Audit and Risk Cttee	£3,000 (£2,700)
Chairman – Overview and Scrutiny Cttee	£3,500 (£3,420)
Chairman - Planning Control Cttee	£6,000 (£5,670)
Leader of largest Opposition Group	£3, <del>5</del> 00 (variable)**
Leader of 2 <sup>nd</sup> largest Opposition Group	£750 (variable)

\*current allowance shown in brackets

\*\* dependant upon number in Group at £250 per Group Member

Such allowances shall be subject to the requirements of Paragraph 8 hereunder.

### 5. Travelling and Subsistence Allowances

Travelling and subsistence allowances are payable at the recommended HMRC approved amounts of 45 pence per mile for cars for the first 10,000 miles and 25 pence per mile thereafter, replacing the following National Joint Council recommended rates for local government staff.

**Cyclists** 20.0p (20.0p)

#### **Car Sharing**

An additional allowance of 5p (HMRC approved amount) per passenger per mile be paid when a Member takes other Members whilst carrying out approved duties and in the following circumstances

- (a) the Chairman and Vice-Chairman of the Council when engaged on official Council business;

- (b) the Chairman and Vice-Chairman of any Committee or Sub-Committee for attending pre-agenda and briefing meetings and opening tenders;
- (c) Cabinet Portfolio Members for attending meetings with officers in connection with their official duties as Spokesman;
- (d) attendance by Councillors at a meeting of the Council or any Committee or Sub Committee appointed thereby in accordance with the provisions of Section 102(1)(a) and (c) of the Local Government Act 1972 (including informal meetings of such bodies which have been arranged at the behest of the appropriate Chairman and to which all Members therefore have been invited to attend), of which he/she is a Member, or has been specifically requested to attend by the Chairman and such is recorded in the minutes of the meeting;
- (e) attendance by Councillors at a meeting of any Working Party or Panel to which he/she has been appointed by any of the bodies referred to in (d) above and comprising representatives of more than one political group;
- (f) attendance by Councillors at Seminars and other similar meetings arranged formally for the purpose of informing and/or training to which representatives of more than one political group have been invited;
- (g) attendance at meetings of external bodies to which the Councillor claiming is the Council's appointed representative;
- (h) attendance by Councillors at conferences, courses, seminars, etc;

(No such allowance shall be payable in respect of attendance at any conference or meeting in relation to which the Councillor is entitled to a payment in the nature of an allowance under Section 175 of the Local Government Act 1972.

No such allowance shall be payable if such a payment would be contrary to a provision made by or under any enactment.)

#### **6. Renunciation**

A Councillor may by notice in writing given to the Democratic Services Manager elect to forego any part of his/her entitlement to an allowance under this scheme.

#### **7. Childcare and dependent Carers' Allowance**

A care allowance will be paid to any Member who incurs expenditure on the care of young children and or dependent relatives in order to perform their duties as a Councillor, subject to:

- (a) the duty being one for which Travelling and Subsistence Allowance is payable under this Scheme of Members' Allowances; and
- (b) that each individual claim shall not exceed the actual sum paid or £6.70 (£6.70) per hour, whichever is the lesser.
- (c) Consideration being given to an additional allowance for specialist care for a dependent, where this is known to be more expensive.

#### **8. Part-Year Entitlements**

If during the course of the year the Council amends the amounts payable in respect of basic or special responsibility allowance, then the entitlement to such allowance shall be adjusted pro-rata to the proportion of the year that such allowance is payable.

Where a Councillor (a) is not a Councillor for the whole of the year; or (b) during the course of the year takes up or relinquishes a position in respect of which a special responsibility allowance is payable, then the entitlement to basic or special responsibility allowance shall be adjusted pro-rata to the proportion of the year during which he/she was a Councillor or held such position.

## **9. Claims**

A claim for travelling and/or subsistence allowance under this Scheme shall:

- a) be made in writing within three months of the end of the month in which the meeting/activity in respect of which the entitlement to the allowances arises;
- b) include or be accompanied by, a statement by the Councillor claiming the allowance that he or she is not entitled to receive remuneration in respect of the matter to which the claim relates otherwise than under the Scheme;
- c) be accompanied by receipts itemising VAT as appropriate.

A claim in respect of annual registration as Data Controller will be paid when accompanied by a receipt for payment of the fee.

Claims submitted later than three months after the relevant date, and/ or one month after 31 March shall be paid only in such exceptional circumstances following approval by the Service Director: Resources in accordance with the Financial Regulations.

Members are advised of the personal responsibility of every Councillor accessing the personal data of others, to register with the Data Commissioner as a data controller and payment of any the £35 registration fee.

## **10. Payments**

Subject to the provisions of paragraph 8 payments of basic and special responsibility allowances shall be made in monthly instalments.

Payments in respect of travelling and subsistence allowance shall be made as soon as is practicable after submission of a claim.

## **11. External Conferences, Seminars, etc.**

Travelling and subsistence Allowance at the same rate as that applying under the Members' Allowances Scheme are payable to those Members attending conferences, seminars, courses, etc., falling within the criteria specified in Section 175 of the Local Government Act, 1972 where such attendance has been previously approved by the Council.

## **12. Subsistence Allowances**

The same as those used for the payment of staff claims for meals taken away from home, to be paid at the rate set and from time to time amended by the NJC.

## **~~12. Pensions~~**

~~All elected Members under the age of 75 are entitled to pensions in accordance with a Scheme made under S99 of the Local Government Act 2000 and Regulations issued in 2003 (SI 2003/1022) as amended. Both BA and SRA will be treated as amounts in respect of which such pensions are payable.~~

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**COUNCIL  
22 NOVEMBER 2018**

**\*PART 1 – PUBLIC DOCUMENT**

**TITLE OF REPORT: EXCLUSION OF PUBLIC AND PRESS**

To consider passing the following resolution:

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

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

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

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

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