

Public Document Pack

7 December 2018

Our Ref Finance, Audit and Risk
Committee
Your Ref.
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To: Members of the Committee: Councillors Terry Hone (Chairman), Simon Harwood (Vice-Chairman, Ian Albert, Kate Aspinwall, Jim McNally, Ian Moody and Terry Tyler

Substitutes: Councillors Steve Jarvis, Ben Lewis, Helen Oliver and Janine Paterson

You are invited to attend a

MEETING OF THE FINANCE, AUDIT AND RISK COMMITTEE

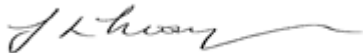
to be held in the

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

On

MONDAY, 17 DECEMBER, 2018 AT 7.30 PM

Yours sincerely,



Jeanette Thompson
Service Director – Legal and Community

Agenda **Part I**

Item	Page
1. APOLOGIES FOR ABSENCE	
2. MINUTES - 30 JULY 2018 To take as read and approve as a true record the minutes of the meeting of this Committee held on the 30 July 2018.	(Pages 1 - 6)
3. MINUTES - 24 SEPTEMBER 2018 To take as read and approve as a true record the minutes of the meeting of this Committee held on the 24 September 2018.	(Pages 7 - 12)
4. NOTIFICATION OF OTHER BUSINESS Members should notify the Chairman of other business which they wish to be discussed by the Committee at the end of the business set out in the agenda. They must state the circumstances which they consider justify the business being considered as a matter of urgency. The Chairman will decide whether any item(s) raised will be considered.	
5. 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.	
6. PUBLIC PARTICIPATION To receive petitions and presentations from members of the public.	
7. NHDC PROGRESS REPORT - ANTI-FRAUD PLAN 2018/19 REPORT OF THE HEAD OF COUNTER FRAUD SHARED ANTI-FRAUD SERVICE To receive an Update Report.	(Pages 13 - 20)

8. **NHDC - AUDIT COMMITTEE PROGRESS REPORT** (Pages
REPORT OF THE CLIENT AUDIT MANAGER – SHARED INTERNAL AUDIT 21 - 34)
SERVICE
- To receive SIAS Update on Progress against the 2018/2019 Audit Plan.
9. **RISK AND OPPORTUNITIES MANAGEMENT UPDATE** (Pages
REPORT OF THE SERVICE DIRECTOR – RESOURCES 35 - 42)
- To consider the Last Quarter Report on Corporate Risks.
10. **SECOND QUARTER REVENUE MONITORING 2018/19** (Pages
REPORT OF: SERVICE DIRECTOR – RESOURCES 43 - 54)
- To inform the Finance, Audit and Risk Committee of the summary position on revenue income and expenditure forecasts for financial year 2018/19 as at the end of the second quarter.
11. **SECOND QUARTER CAPITAL MONITORING 2018/19** (Pages
REPORT OF THE SERVICE DIRECTOR – RESOURCES 55 - 70)
- To update on progress with delivering the capital programme for 2018/19.
12. **TREASURY MANAGEMENT SECOND QUARTER 2018/19** (Pages
REPORT OF THE SERVICE DIRECTOR – RESOURCES 71 - 88)
- To inform of the Treasury Management activities in the second quarter of 2018/19 to the end of September.
13. **CORPORATE BUSINESS PLANNING - DRAFT BUDGET 2019/20** (Pages
REPORT OF THE SERVICE DIRECTOR – RESOURCES 89 - 114)
- To consider the draft budget for 2019 and the main factors which contribute to the determination of the North Hertfordshire District Council (NHDC) Council Tax Level.
- To consider the appropriate level of Council Tax that will be recommended to the meeting of the council on 7 February 2109.
14. **FUTURE MEETINGS - POSSIBLE AGENDA ITEMS**
Introduced by the Chairman.

NORTH HERTFORDSHIRE DISTRICT COUNCIL

FINANCE, AUDIT AND RISK COMMITTEE

MEETING HELD IN THE FIRST FLOOR ROOMS 2/3, COUNCIL OFFICES, GERONON ROAD, LETCHWORTH GARDEN CITY ON MONDAY, 30TH JULY, 2018 AT 7.30 PM

MINUTES

Present: *Councillors Terry Hone (Chairman), Simon Harwood (Vice-Chairman), Ian Albert, Kate Aspinwall, Jim McNally, Janine Paterson and Terry Tyler.*

In Attendance: *Reuben Ayavoo (Senior Policy Officer), Ian Couper (Service Director - Resources), Antonio Ciampa (Accountancy Manager) and Amelia McInally (Committee and Member Services Officer).*

Also Present: *Kay Storey (Ernst and Young) and Councillor Julian Cunningham (Executive Member for Finance and IT).*

17 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Ian Moody.

Having given due notice Councillor Janine Paterson substituted for Councillor Moody.

18 MINUTES - 18 JUNE 2018

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

19 NOTIFICATION OF OTHER BUSINESS

There was no other business notified.

20 CHAIRMAN'S ANNOUNCEMENTS

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

- (4) The Chairman informed the Committee there would be some changes to the sequence of the Agenda and would be as follows:

Item 12 – Annual Governance Statement 2017/18 would become Item 6
Item 6 – Audit Findings Report for NHDC 2017/18 would become Item 7

21 PUBLIC PARTICIPATION

There was no public participation.

22 AUDIT FINDINGS REPORT FOR NHDC 2017/2018

The Manager (Govt. & Public Sector), Ernst & Young explained that it had been a challenging year for the finance teams and auditors due to the bringing forward of deadlines. The impact being, that teams had a month less in which to prepare accounts and two months less in which to complete all local government audits.

Due to the tight deadline, at the time of issuing the report to the Committee there was a programme of outstanding work included. This work has now been completed. Only the receipt of the signed Letter of Representation was outstanding, which would appear later on in this agenda.

The Manager (Govt. & Public Sector) advised that Ernst & Young was proposing to issue an unqualified opinion on the financial statements and an unqualified opinion on it's value for money conclusion. This meant Ernst & Young were satisfied appropriate arrangements were in place regarding value for money.

There were no unadjusted audit differences.

The Manager (Govt. & Public Sector), Ernst & Young advised that there was one key audit difference, adjusted by Management within the revised financial statements in respect of pension fund liability. The pension fund assets were usually based on an estimate at the end of January. When the pension fund audit was carried out it was found that the actual position at the end of March was significantly better originally projected. The pension position relating to the Council had improved by £1.9m which was a reflected position across the country due to market movements.

There were no matters to be highlighted for Members' attention other than the Value for Money conclusion.

The Manager (Govt. & Public Sector), Ernst & Young advised they had projected a significant risk in respect of the challenging savings programme for 2018/19 which was £3.6m at the time of the audit plan. A substantial amount of those savings were due to be delivered through the retender of the waste contract. They had also looked at the MTFs and key assumptions expected to be made, and these were in line with their expectations. There was a significant element of New Homes Bonus, which could be subject to change that was built into the base budget, but there was a reasonable level of reserves should the scheme change. The Council was on track as reported in the monitoring report to be very close to the budgeted position. It therefore appeared that the waste contract was delivering the envisaged savings.

The Manager (Govt. & Public Sector), Ernst & Young advised that they were not proposing any changes to their fee and there were no other particular issues to raise.

Overall the audit finding was a positive projection of future reserves.

RESOLVED: That the Audit Findings Report for 2017/18 be noted.

REASON FOR DECISION: To enable the Committee to consider and comment on the Report 2017/18.

23 MEDIUM TERM FINANCIAL STRATEGY

The Service Director - Resources presented a report on the Council's Medium Term Financial Strategy 2019-2024.

The Service Director – Resources explained that the strategy made references to the uncertainty facing the Council in relation to funding received which had been the case for a number of years. It was difficult to forecast beyond next year, and that next year would present challenges. £2.25m saving was required over the next four year period. Recent consultation from Central Government was suggesting negative revenue, support grants would be funded which would increase our income by £1m. However, indications were that NHB would decrease next year, and would be ending or replaced subject to further consultation. The message was to expect income to be halved next year. For future years the fair funding formula would take out that £1m and more. Changes to NHB (New Homes Bonus) would result in less funding. For savings and the budget over the next 4 years, £700,000 annually would need to be found by 2022/23, as a minimum. There were likely to be further savings required, preferably funded by income generation or possibly service reductions.

This was the current picture and basis for setting a budget for next year.

The Committee were asked to comment on the document.

RESOLVED: That the Committee recommended to Cabinet to proceed.

24 STATEMENT OF ACCOUNTS 2017/18

The Service Director - Resources presented the report in respect of the Statement of Accounts 2017/18.

The report was tabled due to the delay in Ernst & Young completing the audit, it had, therefore not been possible to finalise the report until that day. There were no substantial changes from the draft version of the accounts available on the website.

Discussion would focus on the minor changes from the draft version.

The Service Director - Resources explained the requirement to produce the accounts by 31 May 2018. There was then a period during which, the public could ask questions and view associated documents. There had been no such requests.

The statement of accounts required to be reviewed and approved by the Authority's statutory body, that being, this committee.

The Letter of Representation forms part of the approval of accounts, the Service Director - Resources and Chairman would then sign the letter and statement of accounts, if approved.

The Service Director - Resources referred to the changes to accounts from the draft, the only material change was to pension fund assets, being that there was always a balance between closing the accounts early and making use of estimates. New information meant adjustments were required. The new deadlines have been challenging. Some balances in the draft were incorrect in places but had been corrected. All changes had been highlighted to Ernst & Young and been approved by them.

The Committee was being asked to approve the Statement of Accounts as tabled.

The Chairman congratulated both teams on the unqualified accounts and meeting shorter deadlines. Members recognised that this was a tough task.

There was a lengthy discussion around a mistake identified in the accounts, where two lines in one of the notes were the wrong way round. It was agreed that the Committee would be content to approve once that adjustment had been made.

25 FIRST QUARTER REVENUE MONITORING 2018/19

The Accountancy Manager presented the report of the First Quarter Revenue Monitoring 2018/19.

The Accountancy Manager explained that the report reflected revenue position as at end June 2018 and how resources were broken down and tracked through the year. The report reflected marginal change overall, showing increases in recycling costs and conversely an increase in expected income in garden waste, at more than 50% take up which was higher than the level assumed.

Two additional members of staff had been proposed by the Senior Management Team, (SMT) to support the commercialisation drive across the Authority. SMT had proposed that during the first two years the posts be funded from the special reserve, afterwards, it was hoped that the two new officers appointed would fund themselves through the additional income produced from their work.

The report set out proposed efficiencies and predicted that budgets were expected to be spent.

The report provided an update on key income streams, including outcomes of the strategic parking review. In terms of funding, estimate of business rate income had been updated from a baseline level to a revised estimated figure and showed an increase of £225k. This was, the main reason for the overall increase in the expected general fund balance at the end of the year by £192k.

RESOLVED: That the report of the First Quarter Revenue Monitoring 2018/19 be noted.

26 FIRST QUARTER CAPITAL MONITORING 2018/19

The Accountancy Manager presented a report on The First Quarter Capital Monitoring 2018/19.

The Accountancy Manager explained the position of the capital programme at the end of the first quarter of 2018/19.

The Accountancy Manager referred to Table 1 setting out changes to schemes and Table 3 including the proposal to remove the Royston Leisure Centre scheme from the programme.

There had been some re-profiling of existing capital schemes, the main change being to disabled facilities grants. They were not disappearing, but would be managed by the Hertfordshire Homes Improvement Agency, hosted by Hertfordshire County Council.

The Accountancy Manager informed the Committee that Table 4 within the report showed how spending on schemes were funded.

RESOLVED: That the report of the First Quarter Capital Monitoring 2018/19 be noted.

27 TREASURY MANAGEMENT FIRST QUARTER 2018/19

The Service Director - Resources presented the report of the First Quarter Treasury Management Monitoring 2018/19.

The Service Director - Resources advised that they were expecting to generate £88,000 more than the expected £255k, this was due to the re-profiling of schemes during the second half of 2017/18 which was based on planned spend at that time. This then increased the amount available for investment.

Other than that, as the report details, there had been full compliance with the treasury strategy and the various limits set.

RESOLVED: That the report of the First Quarter Treasury Management Monitoring 2018/19 be noted.

28 ANNUAL GOVERNANCE STATEMENT 2017/18

The Senior Policy Officer presented for the approval of the Committee the report and Annual Governance Statement (AGS) for 2017/18. Reviewing the Council's governance arrangements for that period and proposing an action plan to update and improve those arrangements.

The final version of the draft AGS had been presented in June and this final version included the committee's comments from that June meeting which included the following:

- Inclusion of the actions to address the Gender Pay Gap report with the AGS action plan for 2018/19.
- To update the Executive Member responsibility and to reflect the update in staff designation following the recent senior management.
- In respect of an outstanding case with the Information Commissioners Office (ICO). The Information Commissioners Officer first notified the Council in November 2017 and a caseworker was assigned in April 2018. GDRP was not in place at that time. The Council had recently been informed that they had won that particular case.

Additional reference/update of AGS to the Head of Internal Audit Annual report that was presented at the June meeting. This was not available at the time of writing the draft AGS.

The CIPFA SOLACE Framework had been revised and had now been loaded on to the Council's Corporate Governance intranet page.

Updates would follow in September 2018 and March 2019 on the action plan.

The Chairman advised that it was a statutory requirement to approve the AGS and action plan. It was agreed.

RESOLVED: That the Annual Governance Statement for 2017/18 and action plan was agreed.

REASON FOR DECISION: It is a statutory requirement of the Council to review and approve the Annual Governance Statement and action plan.

29 FUTURE MEETING - POSSIBLE AGENDA ITEMS

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

The meeting closed at 8.43 pm

Chairman

Agenda Item 3

NORTH HERTFORDSHIRE DISTRICT COUNCIL

FINANCE, AUDIT AND RISK COMMITTEE

MEETING HELD IN THE COUNCIL CHAMBER, COUNCIL OFFICES, GERON ROAD,
LETCWORTH GARDEN CITY ON MONDAY, 24TH SEPTEMBER, 2018 AT 7.30 PM

MINUTES

Present: *Councillors Councillor Terry Hone (Chairman), Councillor Simon Harwood (Vice-Chairman), Ian Albert, Kate Aspinwall, Jim McNally, Ian Moody and Terry Tyler*

In Attendance: *Ian Couper (Service Director - Resources), Reuben Ayavoo (Senior Policy Officer) and Hilary Dineen (Acting Committee and Member Services Manager)*

Also Present: *At the commencement of the meeting Councillor Helen Oliver.*

30 APOLOGIES FOR ABSENCE

Audio recording – Start of item – 31 seconds

Apologies for absence were received from representatives of Ernst and Young.

31 MINUTES - 30 JULY 2018

Audio recording – Start of item – 45 seconds

The Chairman advised that Committee Services apologised that the Minutes for this meeting had not yet been published. They would be available for agreement at the next meeting of the Committee.

32 NOTIFICATION OF OTHER BUSINESS

Audio recording – Start of item – 56 seconds

There was no other business notified.

33 CHAIRMAN'S ANNOUNCEMENTS

Audio recording – Start of item – 59 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 he asked them to not use flash and to disable any beeps or other sound notifications that emitted from their devices.
- (2) The Chairman announced that, in accordance with Council policy this meeting was being audio recorded.
- (3) 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.

34 PUBLIC PARTICIPATION

Audio recording – Start of item – 2 minutes 9 seconds

There was no public participation.

35 ANNUAL AUDIT LETTER FOR THE YEAR ENDED 31 MARCH 2018

Audio recording – Start of item – 2 minutes 13 seconds

The Service Director – Resources presented the Annual Audit Letter for the year ended 31 March 2018 which was prepared by Ernst and Young.

The Committee debated the report. The following Member contributed to the debate:

- Councillor Terry Hone

RESOLVED: That the Annual Letter for the year ended 31 March 2018 be noted.

REASON FOR DECISION: To enable the Committee to consider the Annual Audit Letter for the year ended 31 March 2018.

36 SHARED ANTI FRAUD REPORT SERVICE (SAFS) REPORT

Audio recording – Start of item – 5 minutes 25 seconds

The Shared Anti-Fraud Manager (SIAS) presented the Shared Anti-Fraud Service Report for 2017/18.

The following Members asked questions and sought clarification regarding the report:

- Councillor Jim McNally;
- Councillor Simon Harwood;
- Councillor Ian Albert;
- Councillor Terry Tyler;
- Councillor Kate Aspinwall;
- Councillor Terry Hone.

The Shared Anti-Fraud Manager responded to comments and questions as they arose. He then gave a brief overview of the work that the Shared Anti-Fraud Service was undertaking in 2018/19.

RESOLVED: That the work of the Council and the Shared Anti-Fraud Service in delivering the Anti-Fraud Action Plan 2017/18 be noted.

REASON FOR DECISION: To enable the Committee to consider the Shared Anti-Fraud Service Report for 2017/18 and receive an overview of the work being undertaken during 2018/19.

37 ANNUAL GOVERNANCE STATEMENT ACTION PLAN 2018/19 - PROGRESS REVIEW

Audio recording – Start of item – 32 minutes 47 seconds

The Senior Policy Officer presented the report entitled Annual Governance Statement Action Plan 2018/19 - Progress Review. The following appendix accompanied the report:

- Appendix A - Action plan for 2018/19 and corresponding actions.

The following Members asked questions and sought clarification regarding the report:

- Councillor Ian Albert;
- Councillor Terry Hone.

The Senior Policy Officer responded to comments and questions as they arose.

In respect of Action 4 - Delegated Decision Guidance in respect of delegated planning decisions, Members noted that the Guidance to Councillors and Officers had been updated and notified to staff. They asked that the updated Guidance be circulated to Members.

RESOLVED:

- (1) That the progress made against the individual actions as outlined in the Action plan for 2018/19 at Appendix A be noted;
- (2) That the Senior Policy Officer be requested to circulate the Guidance to Councillors and Officers in respect of delegated Planning decisions to Members.

REASON FOR DECISION: The Annual Governance Statement must be considered by Members of the Committee and approved under Regulation 6(4)(a) of the Accounts and Audit Regulations ('AAR') 2015/234, before the Statement of Accounts.

38 SIAS - ANNUAL REPORT 2017/18

Audio recording – Start of item – 37 minutes 38 seconds

The Client Audit Manager (SIAS) presented the Shared Anti-Fraud Service Annual Report 2017/18.

The following Member commented on the report:

- Councillor Terry Hone

RESOLVED: That the Shared Anti-Fraud Service Annual Report 2017/18 be noted.

REASON FOR DECISION: To enable the Committee to consider the Shared Anti-Fraud Service Annual Report for 2017/18.

39 SIAS PROGRESS REPORT 2018/19

Audio recording – Start of item – 40 minutes 21 seconds

The Client Audit Manager (SIAS) presented the Shared Internal Audit Service Progress Report 2018/19.

The following Members asked questions and contributed to the debate regarding the report;

- Councillor Terry Hone;
- Councillor Ian Albert;
- Councillor Simon Harwood;
- Councillor Terry Tyler;
- Councillor Jim McNally.

The Client Audit Manager and Service Director - Resources responded to comments and questions as they arose.

RESOLVED:

- (1) That the Shared Internal Audit Service Progress Report for the period to 7 September 2018 be noted;
- (2) That the proposed amendments to the 2018/19 Annual Audit Plan be noted;
- (3) That the implementation status of high priority recommendations be noted.

REASON FOR DECISION: To enable the Committee to consider the Shared Internal Audit Service Progress Report 2018/19.

40 RISK MANAGEMENT

Audio recording – Start of item – 52 minutes 1 second

The Service Director – Resources presented the report entitled Risk Management and the associated Appendix A entitled New, Deleted and Changed Corporate Risks.

The Service Director – Resources advised that the changes to the Risk Management Matrix were detailed at Paragraph 8.2 and 8.3.

The proposals were subject to discussion at Risk Management Group and were to be considered by the Committee for recommendation to Cabinet.

Paragraph 8.3 gave details of the proposed deletion of the Office Accommodation risk as the Office Accommodation project was now complete and the Project Board closure had taken place.

There were proposed changes to the Waste risks with the parent risk proposed to change from 8 to 9.

There had been a number of changes to the presentation of risks which now showed a parent risk with an overall score with the important sub risks, which contributed to the overall risk, being flagged.

This had led to the deletion of a number of sub risks and the re-assessment and redrafting of others.

In response to questions the Service Director - Resources confirmed that Members will still have access to information about the parent risk and the sub risks, but that the Risk Matrix only included the score for the parent risk.

Members asked that they be informed at all stages about risks and sub risks as well as details of any re-assessments that had taken place.

In response to questions the Service Director - Resources confirmed that the management of corporate risks was the responsibility of Cabinet and the Senior Management Team and that, if deemed appropriate, additional resources would be allocated to areas of high risk.

There was detailed discussion about the part that mitigation plays in assessing risk and that it would be useful for Members of this Committee to be advised of and understand those mitigations.

The Service Director - Resources advised that the role of the Committee was to monitor the effective operation of risk management and therefore it was appropriate for the Committee to comment on the detail of the risk and request that more detail regarding the work completed and the work to do would be provided when risks were reviewed in future reports.

RECOMMENDED TO CABINET:

- (1) That the Office Accommodation (TR51) risk be deleted;
- (2) That the new Waste parent risk (RRNEW1) be created, with a score of 9;
- (3) That nine Waste sub-risks (RR287, RR424, RR455, TR59, TR59.001, TR59.002, TR59.004, TR59.005 and TR59.006) be deleted;
- (4) That the Waste sub-risk for Sale of Recyclable Materials (TR59.007) be amended, to include an increase in the risk score from a 8 to a 9;
- (5) That the new Waste sub-risk for Route Optimisation of Collection Rounds (RRNEW2) be created, with a score of 7;
- (6) That in order to enable the Finance, Audit and Risk Committee and Cabinet to monitor the effective development and operation of risk management, all future reports and discussions regarding all Corporate risks should include more detail of ongoing work associated so that any the detail of any mitigation can be taken in to account when assessing risk.

REASON FOR DECISIONS: This Committee has responsibility to monitor the effective development and operation of risk management.

41 INTEGRATED CAPITAL AND TREASURY STRATEGY

Audio recording – Start of item – 1 hour 26 minutes 28 seconds

The Service Director - Resources presented the report entitled Integrated Capital and Treasury Strategy.

The following Member contributed to the debate regarding the report;

- Councillor Terry Hone.

RESOLVED: That the format and content of the draft Strategy attached as Appendix A be supported;

REASON FOR DECISION: To fulfil the Committee's terms of reference, to "assist the Council and the Cabinet in the development of its Budget and Policy Framework process by in-depth analysis of policy issues pertaining to finance, audit and risk".

42 FUTURE MEETING - POSSIBLE AGENDA ITEMS

Audio recording – Start of item – 1 hour 30 minutes 20 seconds

The Chairman advised Members of the expected agenda items for the next meeting of the Committee.

The meeting closed at 9.00 pm

Chairman

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North Hertfordshire District Council

Progress Report Anti-Fraud Plan 2018/19

December 2018

Members are recommended to:

Note the work of the Council and the Shared Anti-Fraud Service in delivering the *Anti-Fraud Plan 2018/19*.

Contents

1. Introduction
2. Fraud Awareness and Fraud Reporting
3. Counter Fraud Staffing
4. Counter Fraud Activity
5. SAFS KPI Performance

Appendix

- A. NHDC/SAFS Anti-Fraud Plan 2018/19

1. Introduction

In March 2018 this Committee approved the Anti-Fraud Plan proposed by senior officers and SAFS management- see **Appendix A**. The Plan followed guidance and best practice from the Chartered Institute of Public Finance and Accounts (CIPFA), The Local Government Association (LGA) and the Ministry for Housing, Communities and Local Government (MHCLG).

In particular the Plan for 2018/19 took account of the following reports.

- *Fighting Fraud and Corruption Locally 2016–2019 Strategy*
- *UK Annual Fraud Indicator 2017*
- *Fraud and Corruption Tracker 2017*
- *United Kingdom Anti-Corruption Strategy 2017-2022*

The main aim of the Plan is to deliver an anti-fraud culture across the Council, with the prevention and deterrence of fraud being the primary objective but, ensuring that sufficient resources are in place to investigate fraud, where its occurs, and pursue those guilty of defrauding the Council, including the recovery of losses and imposition of penalties, both civil and criminal.

The following page shows the planned anti-fraud activity for the Council in 2018/19 and the current status for each area.

NHDC / SAFS Action Plan 2018/2019

CIPFA Principles	SAFS Objectives	Goals & 6Cs	Activities	Responsible Officer	Progres
ACKNOWLEDGE	Ensure ongoing effectiveness and resilience of anti-fraud arrangements	Fraud is acknowledged as a Risk for the Council CULTURE	The Council has in place Anti-Fraud and Corruption Strategy	Director- Resources	Complete
			The Council has a Fraud Response Plan and this Action Plan	Director- Resources	Complete
			Audit Committee and Senior Managers ensure compliance with CIPFA best practice in their counter fraud arrangements	Director- Resources	Ongoing
			The Council conducts Fraud Risk Assessments	SAFS Mgr/ Risk Mgr	Complete
			The Council has in place Policies to deal with Money Laundering/ Bribery/ Whistleblowing/ Cyber-Crime	Head of Legal Services / Head of Legal Services	Reviews ongoing
	Improve the reach into areas of 'corporate' fraud across all Partners	The Council has a robust communication policy demonstrating its commitment to prevent fraud COMMUNICATION	The Councils Communication Team will publicise prosecutions and anti-fraud campaigns conducted by it and SAFS	Communications Manager	Ongoing
			SAFS will provide access to fraud reporting tools (web/phone/email)	SAFS Mgr	Complete
			The Council and SAFS will make available fraud awareness or specific anti-fraud training across all Council services	SAFS Mgr & HR Mgr	Complete
			Provide fraud alerts to appropriate officers/staff/services.	SAFS Mgr	Ongoing
			SAFS will provide an E-Learning Packages for staff/members	SAFS Mgr & HR Mgr	Ongoing
PREVENT	Create a data hub for Hertfordshire	Co-ordination of effort, sharing of best practice, data, fraud alerts and new threats. COLLABORATION	Develop existing SAFS Data Hub	SAFS Mgr	Ongoing
			Review data sharing agreements/protocol between internal and external partners	Head of Legal Services / SAFS Mgr	Ongoing
			Work to develop 'Flexible NFT' & 18/19 NFI Matches	SAFS Mgr	Complete
			Work with DWP to deliver CTRS/HB/Housing Fraud 2018 roll-out	SAFS Mgr/ Head of Revs, Bens & IT	Complete
			Work with other organisations, including private sector, to improve data-sharing	SAFS Mgr/ Head of Revs, Bens & IT	Ongoing
	Develop services which can be marketed to external bodies	Have the highest levels of professional standards COMPETENCE	All SAFS staff will be fully trained and accredited	SAFS Mgr	Complete
			All investigations will be undertaken in compliance with relevant legislation and Council Policies	SAFS Mgr	Complete
			SAFS will work with bodies such as CLG/LGC/CIPFA to develop local anti-fraud strategies at a national level	SAFS Mgr	Ongoing
			SAFS will work with Council Services to make best use of 3rd party Providers such as NAFN, PNLD etc	SAFS Mgr	Complete
			PURSUE	Deliver financial benefits in terms of cost savings or increased revenue	Ensuring the Counter-Fraud Measures are appropriate to the range of fraud risk. CAPABILITY
SAFS will record and report on all fraud referred, investigated and identified	SAFS Mgr	Ongoing			
SAFS will review fraud trends and new threats and report on these to Council Managers	SAFS Mgr	Ongoing			
SAFS and the Council Legal and Debt teams will seek to 'prosecute' offenders and recover losses	SAFS Mgr/ Head of Legal/ Director Resources	Ongoing			
Create a recognised centre of excellence that is able to disseminate alerts and share best practice nationally	Develop the right level of resources to deal with the level of fraud risk CAPACITY	The Council will review its ROI from SAFS Membership			
		SAFS will assist the Council in providing its Transparency Code (Fraud) Data annually		SAFS Mgr	Complete
		Reports to Senior Mgt and Audit Committee on SAFS and Council activity		SAFS Mgr / Director Resources	Complete
		Inclusion of Fraud Risks and the Councils actions to manage/mitigate/reduce this in its Annual Governance Statement		Director Resources	Under Review

2. Fraud Awareness and Fraud Reporting

One of the key aims for the Council is to create an 'Anti-Fraud' culture. This will assist preventing and deterring fraud; encourage senior managers and members to consider the risk of fraud when developing policies or processes; encourage all staff and local residents to understand the impact of fraud on Council services and to report fraud where it is suspected.

The Council ensures that suspected fraud can be reported by both staff and the public alike. The Council's website has details on how to report fraud and links to the SAFS webpage. The SAFS webpage – www.hertsdirect.org/reportfraud includes an online reporting tool. A confidential fraud hotline (0300 123 4033) and a secure email account are also available for reporting fraud – fraud.team@hertfordshire.gov.uk. None of these functions replace the Council's own in-house Whistleblowing reporting procedures. Council staff can use the same methods to report fraud.

The SAFS have delivered a number of training sessions for staff already and a plan has been developed to deliver additional sessions to staff housing services. Working with HR Teams across the County SAFS have developed and published an e-training package for staff and Members which is linked to the Council's policies and fraud reporting processes.

The SAFS have issued several alerts to officers from the National Fraud Intelligence Bureau and the National Anti-Fraud Network reporting new and emerging fraud threats or fraud trends. SAFS have also issued reminders to staff to be vigilant against the continued attempts by fraudsters, using social media and fake emails, to encourage breaches of financial regulations and payment processes.

3. Counter Fraud Staffing

From April 2018 the SAFS Team was composed of sixteen accredited and trained counter fraud staff and is based at Hertfordshire County Council's offices in Stevenage.

Each SAFS Partner receives dedicated support and response from the Team. At present the most effective way to do this is by allocating officers to work exclusively for each Partner. These officers act as the first point of contact for that Partner's services, and will assist in developing relationships at a service level, delivering training, and working on local pilot projects. SAFS Officers have access to Council offices, officers and systems to conduct their enquiries.

For the 2018/19 Anti-Fraud Plan SAFS has deployed one Counter Fraud Officer to work exclusively for the Council. This officer was supported by SAFS Management, a Data-Analyst and the SAFS Intelligence Team based at Stevenage.

4. Counter Fraud Activity

To the end of September 2018 SAFS had received 83 allegations of fraud affecting Council services. 76 cases were carried forward from 2017/18, and 103 cases are still under investigation.

Reported fraud covers a number of Council services and these reports come from a variety of sources including Council staff. Compared to other district councils in the SAFS Partnership the volume and variety of alleged fraud being reported is very good.

Table 1. Types of fraud being reported (in year):

Housing Benefit & Council Tax Support	Housing / Homeless	Payroll	Blue Badge	Other Council Tax Discounts	Other	Total
66	8	0	1	8	0	83

Table 2. Who is reporting Fraud?

Fraud Reported by Staff	Reports from Public	Proactive Drives and Data-Matching	Other	Total
56	21	2	4	83

At this time many cases raised for investigation are still in the early stages. However, of the 25 cases investigated and closed in year where fraud was identified have yielded combined losses and savings of £117k. A full breakdown of all cases where fraud has been identified and how savings/losses are recorded will be include in the 2018/2019 Annual Report to this Committee in 2019.

SAFS continues to work with social housing providers investigating allegations of housing fraud within the Councils boundaries. This work is of particular benefit to the Council as it has nomination rights for residents on the Housing Register to any properties that are recovered as a result of this work.

SAFS completed the delivery of a framework contract for all councils in Hertfordshire to make use of to conduct bulk reviews of council tax discounts and exemptions to improve collection rates and prevent fraud. The Council have made use of this framework and a review of this work is due for completion in the next few weeks.

SAFS has worked with the Revenue & Benefit Service to identify potentially fraudulent applications for discounts and exemptions. The Council is now making active use of civil and financial penalties relating to false claims for discounts and exemptions where appropriate. So far the Council has imposed financial penalties on six occasions in 2018/19 raising just under £4k in additional revenue.

The national roll-out of joint working with the DWP Fraud and Error Service in February 2019 follows a successful 18 month pilot at three SAFS sites in Hertfordshire. This activity assists the Council in the early identification and prevention of Housing Benefit fraud.

Council officers have ensured the Council complies with the National Fraud Initiative (NFI) which takes place between October 2018 and February 2019. The NFI is a national anti-fraud data sharing exercise conducted by the Cabinet office every two years across local and central government.

5. SAFS KPI Performance

KPI	Measure	2018/2019 Target	Achieved in 1 st Half Year
1	Provide an Investigation Service	<ul style="list-style-type: none"> 1 FTE on call at NHDC (Supported by SAFS Intel/ Management). Membership of the National Anti-Fraud Framework (NAFN) Access to NAFN for relevant HBC Staff Membership of CIPFA Counter Fraud Centre Fraud training events for staff/Members* 	<ul style="list-style-type: none"> 1 FTE in place with full support. Membership of NAFN in place and training provided to officers. SAFS are members of the CIPFA Counter Fraud Centre for all Partners. Staff training sessions delivered and more planned by early 2019
2	Identified Value of Fraud prevented/detected. Based on the Methodology agreed by SAFS Board	£150k From fraud identified and savings/prevention	£117k (£106K Fraud Losses & £11k Fraud Savings reported)
3	Allegations of fraud Received. From all sources.	100 Fraud referrals from all sources to SAFS	83 Referrals received
4	Success rates for cases investigated. This will ensure that quality investigations are undertaken.	50%	76% (25 cases closed- 19 proved)
5	Conduct Data-Matching using the local data-hub, NFI and other data-matching/mining.	<ul style="list-style-type: none"> Data-Hub for local data matching. Access to NFI output. County wide Council Tax Review Framework. 	<ul style="list-style-type: none"> NHDC submits data to the SAFS Data-Hub. NFI 2018/19. CTax Framework available for Discount Reviews

Appendices:

A. NHDC Anti-Fraud Plan 2018/2019



Anti Fraud Plan 2018
2019

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North Herts District Council
Audit Committee Progress Report

17 December 2018

Recommendations

Members are recommended to:

- Note the Internal Audit Progress Report for the period to 30 November 2018,
- Note the proposed amendments to the 2018/19 Annual Audit Plan, and
- Note the implementation status of high priority recommendations.

Contents

- 1 Introduction and Background
 - 1.1 Purpose
 - 1.2 Background

- 2 Audit Plan Update
 - 2.1 Delivery of Audit Plan and Key Findings
 - 2.3 High Priority Recommendations
 - 2.5 Proposed Amendments to the 2018/19 Annual Audit Plan
 - 2.7 Performance Management

Appendices

- A Progress against the 2018/19 Audit Plan

- B Implementation Status of High Priority Recommendations

- C 2018/19 Audit Plan Start Dates Agreed with Management

- D Assurance and Finding Definitions 2018/19

1. Introduction and Background

Purpose of Report

- 1.1 This report details:
- a) Progress made by the Shared Internal Audit Service (SIAS) in delivering the Council's Annual Audit Plan for 2018/19 as at 30 November 2018.
 - b) Implementation status of previously agreed high priority audit recommendations and request to agree removal of completed actions.
 - c) Proposed amendments to the 2018/19 Annual Audit report
 - d) An update on performance management information as at 30 November 2018.

Background

- 1.2 The 2018/19 Annual Audit Plan was approved by the Finance, Audit and Risk Committee (the FAR Committee) on 21 March 2018.
- 1.3 The Committee receives periodic updates of progress against the Annual Internal Audit Plan. This is the third report giving feedback on the delivery of the 2018/19 Internal Audit Plan.
- 1.4 The work of Internal Audit is required to be reported to a Member Body so that the Council has an opportunity to review and monitor an essential component of corporate governance and gain assurance that its internal audit provision is fulfilling its statutory obligations. It is considered good practice that progress reports also include proposed amendments to the agreed annual audit plan.

2. Audit Plan Update

Delivery of Audit Plan and Key Audit Findings

- 2.1 The following final reports have been issued since 7 September 2018 (cut-off date for the SIAS Update Report for 24 September 2018 FAR Committee):

Audit Title	Date of Issue	Assurance Level	Number of Recommendations
Overtime	October 2018	Satisfactory	4 Medium
Software Licensing	October 2018	Good	-
Treasury Management	November 2018	Good	-
S106	December 2018	Satisfactory	2 Medium

2.2 Details on the status of all audits in this year’s plan can be found in Appendix A.

High Priority Recommendations

2.3 Members will be aware that a Final Audit Report is issued when it has been agreed by management; this includes an agreement to implement the recommendations that have been made. It is SIAS’s responsibility to bring to Members’ attention the implementation status of high priority recommendations; it is the responsibility of Officers to implement the recommendations by the agreed date.

2.4 We have not made any new high priority recommendation as a consequence of the work undertaken in the audits detailed in paragraph 2.2 above.

Proposed Amendments

2.5 At the request of management, the following audit has been added to the 2018/19 Annual Audit Plan in the period since the last FAR Committee:

- Procurement (10 days) – to provide assurance that Contract Procedure Rules have been adhered to in all instances, including the use of waivers.

2.6 As a result of the above, contingency in the 2018/19 Annual Audit Plan for the Council currently stands at 3 days.

Performance Management

Reporting of Audit Plan Delivery Progress

2.7 To help the Committee assess the current situation in terms of progress against the projects in the audit plan, we have provided an overall progress update at Appendix C. The table below shows that summary of performance based in the latest performance information reported at Appendix A.

Summary – 30 November 2018			
Status	No. of audits at this stage	% of total audits (33)	Profile to date
Draft / Final Report Issued	14	43%	52% (17/33)
In Fieldwork / Quality Review	7	21%	21% (7/33)
Terms of Reference Issued / In Planning	6	18%	12% (4/33)
Yet to be planned / Allocated	6	18%	15% (5/33)
Deferred	0		
Cancelled from the plan	2		

2.8 Annual performance indicators and associated targets were approved by the SIAS Board in March 2018.

2.9 As at 30 November 2018, actual performance for North Herts against the targets that can be monitored in year was as shown in the table below:

Performance Indicator	Annual Target	Profiled Target to 30 November 2018	Actual to 30 November 2018
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excluding unused contingency)	95%	63% (225 / 357 days)	54% (192.5 / 357 days)
2. Planned Projects – percentage of actual completed projects to draft report stage against planned completed projects	95%	52% (17 / 33 projects)	43% (14 / 33 projects)
3. Client Satisfaction with Conduct of the Audit – percentage of client satisfaction questionnaires returned at 'satisfactory' level	100%	100%	100% (4 surveys returned)
4. Number of High Priority Audit Recommendations agreed	95%	95%	N/A – No high priority recommendations made

2.10 In addition, the performance targets listed below are annual in nature. Performance against these targets will be reported on in the 2018/19 Head of Assurance's Annual Report:

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

APPENDIX A – PROGRESS AGAINST THE 2018/19 AUDIT PLAN AS AT 30 NOVEMBER 2018

AUDITABLE AREA	LEVEL OF ASSURANCE	RECOMMENDATIONS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS / COMMENTS
		C	H	M	L				
Key Financial Systems									
Integra 2 – General Ledger, Debtors and Creditors						25	Yes	8	In Fieldwork
Corporate Debt Management						15	Yes	5	In Fieldwork
Treasury Management	Good	0	0	0	0	6	Yes	6	Final Report Issued
Council Tax						10	Yes	1	ToR Issued
NDR						10	Yes	7	In Fieldwork
Benefits & Rent Allowances						10	Yes	0.5	ToR Issued
Payroll						8	Yes	1	ToR Issued
Operational Audits									
Green Space Strategy Management						10	Yes	0.5	In Planning
S106	Satisfactory	0	0	2	0	10	Yes	10	Final Report Issued
Crematorium						10	Yes	9.5	Draft Report Issued
Museum Services						10	Yes	9.5	Draft Report Issued
Learning Management System						10	Yes		Allocated
Overtime and Expenses	Satisfactory	0	0	4	0	12	Yes	12	Final Report Issued
Apprenticeship Levy						10	Yes	9.5	Draft Report Issued
Homelessness Reduction Act						12	Yes	10.5	In Fieldwork
General Data Protection Regulations	Satisfactory	0	0	4	0	15	Yes	15	Final Report Issued
Careline Alarm Receiving Centre Relocation	Good	0	0	0	2	6	Yes	6	Final Report Issued

APPENDIX A – PROGRESS AGAINST THE 2018/19 AUDIT PLAN AS AT 30 NOVEMBER 2018

AUDITABLE AREA	LEVEL OF ASSURANCE	RECOMMENDATIONS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS / COMMENTS
		C	H	M	L				
Home Improvement Agency						2	Yes	1.5	In Fieldwork
Original Documentation – Consultancy Review	Not Assessed	0	0	0	0	2	Yes	2	Final Report Issued
Capital Programme						10	Yes	7.5	In Fieldwork
Health and Safety	Good	0	0	0	1	6	Yes	6	Final Report Issued
CCTV	Limited	0	9*	0	0	2	Yes	2	Final Report Issued
Procurement / Contracts									
Waste Contract – Client Services						16	Yes	0.5	In Planning
Markets – Contract Management						5	Yes		Allocated
Outbound Mail Contract						10	Yes		Allocated
Property Compliance Contract						10	Yes	0.5	In Planning
Procurement						10	Yes	0.5	Allocated
Corporate Governance									
Corporate Governance						12	Yes		Allocated
IT Audits									
Software Licence Management	Good	0	0	0	0	12	Yes	12	Final Report Issued
PSN Accreditation						12	Yes	7.5	In Fieldwork
Shared Learning and Joint Reviews									
Joint Reviews						2			
Shared Learning						3		2	Through Year

APPENDIX A – PROGRESS AGAINST THE 2018/19 AUDIT PLAN AS AT 30 NOVEMBER 2018

AUDITABLE AREA	LEVEL OF ASSURANCE	RECOMMENDATIONS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS / COMMENTS
		C	H	M	L				
Contingency & Ad Hoc Activity									
Contingency						3			As Required
Election Support						0			Cancelled
Review of FAR	Not Assessed	0	0	0	0	3	Yes	3	Final Report Issued
DFG Grant certification	Not Assessed	0	0	0	0	2	Yes	2	Final Report Issued
King George V Playing Fields						1	Yes		Allocated
Strategic Support									
Head of Internal Audit Opinion 2017/18						3	Yes	3	Complete
Audit Committee						10	Yes	7.5	Through Year
Client Meetings						8	Yes	6	Through Year
Liaison with External Audit						1	Yes		Through Year
Progress Monitoring						10	Yes	7.5	Through Year
SIAS Development						5	Yes	5	Through Year
2019/20 Audit Planning						6	Yes	0.5	Through Year
2017/18 Projects requiring completion									
Commercialisation						1	Yes	1	Cancelled
Waste Contract – Green Waste Charging						3	Yes	3	Cancelled – merged with Waste Contract audit
Finalisation of Projects						1	Yes	1	Complete
Total - North Herts D.C.		0	0	10	3	360		192.5	

* - High priority recommendations from the CCTV review have not been included in the overall total number of recommendations as these are owned by Stevenage Borough Council (lead authority for the audit) and are monitored by the CCTV Committee.

APPENDIX B – IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

The table below show the details of the nine high priority recommendations arising from the CCTV joint review for information. These recommendations and their implementation status are overseen and monitored by Stevenage Borough Council as the lead authority, as well as both officer (Officer Management Board) and Member (Joint Executive Committee) boards responsible for the CCTV partnership:

	Recommendation	Management Response
1	We recommend that the governance framework for the overall CCTV Partnership is reviewed and confirmed as being fit for purpose, or changed as necessary, and is clearly understood by all parties, including the respective roles and responsibilities of the relevant Members and Officers.	We will draft a governance framework for the overall CCTV arrangements to include: <ul style="list-style-type: none"> - Governance for Hertfordshire CCTV Partnership - Governance for Hertfordshire CCTV Partnership Ltd. - Governance lines between the Partnership and the Company - Member roles and responsibilities -Officer roles and responsibilities These will be consulted on and agreed by the CCTV Joint Executive and the Company Board of Directors.
2	We recommend that an appropriate new Partnership Agreement between the current four CCTV Partner Authorities is drawn up and executed. It should clearly include the specific roles and responsibilities of the Partner Authorities. It should also clearly state the relationship the Partner Authorities have with Hertfordshire CCTV Partnership Ltd. and the function of that company in respect of the overall CCTV Partnership.	We will prepare an updated CCTV Partnership Agreement drafted through the CCTV Officer Management Board to be signed by all four Partner Authorities.
3	We recommend that the current Shareholders' Agreement for the Company is reviewed to ascertain if it remains fit for purpose and, if so, that the terms are fully complied with.	The Company Directors' will consider this recommendation through their Shareholder Representatives in light of future considerations relating to the future of Hertfordshire CCTV Partnership Ltd.
4	We recommend that appropriate revised / new Terms of Reference for the CCTV Joint Executive and the CCTV Officer Management Board are drawn up and formally agreed.	Terms of Reference will be updated for the CCTV Joint Executive and a Terms of Reference will be created for the CCTV Officer Management Board.
5	We recommend that, once agreed, the revised/new Terms of Reference for the CCTV Joint Executive and the CCTV Officer Management Board are revised / added in the Constitutions for each of the four Partner Authorities, together with the updated Member/Officer representation for both groups.	New Terms of Reference will be submitted for formal incorporation into constitutional arrangements for the four Partner Authorities.
6	We recommend that a new five year Business Plan for the overall CCTV Partnership is drawn up and agreed. As a minimum, the plan should be	We will develop a new five year rolling Business Plan (with monthly monitoring and full annual reviews) for the overall Hertfordshire CCTV Partnership based

APPENDIX B – IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

	monitored on a monthly basis in terms of achievements against projections and it should be the subject of a full review and refresh annually to cover the next five years ahead on a rolling basis. Besides financial projections, it should include non-financial aims and targets that should be monitored, reviewed and refreshed on the same basis.	on decisions about the future direction of Hertfordshire CCTV Partnership Ltd.
7	We recommend that the role and responsibilities of the SBC Group Accountant in respect of the overall CCTV Partnership are reviewed, evaluated and formerly confirmed. Consideration should be given to increased use of the external Accountants with regard to the accounting requirements of Hertfordshire CCTV Partnership Ltd.	The role of the SBC Group Accountant in relation to the overall Partnership will be clarified in the revised Partnership Agreement. The Company Directors will consider the accountancy needs of the Company and source appropriately.
8	We recommend that all reporting arrangements for the Partner Authorities are formally reassessed, agreed and documented to ensure there is complete clarity and transparency of expectations and understanding across all interested parties regarding the need, responsibility, frequency, timing, content, format and distribution of each report required.	Authority reporting arrangements to be included as part of a revised Partnership Agreement, Shareholder Agreement and Terms of Reference as necessary.
9	We recommend that there is a review of how charges are being calculated and billed to the Partner Authorities, clarification of who is responsible for this and agreement of the timing.	A schedule of charges to be prepared for the Partnership. The schedule will identify recharges applied to the Partnership, including; staffing, overheads, IT, etc. The schedule will also include recharges applied to Hertfordshire CCTV Partnership Ltd. A quarterly finance report to be prepared for the CCTV Officer Management Board, to include year-end financial projections for the Partnership.

APPENDIX C – 2018/19 AUDIT PLAN START DATES AGREED WITH MANAGEMENT





April	May	June	July	August	September
Review of FAR Final Report Issued	Museum Service Draft Report Issued	Original Documentation – Consultancy Review Final Report Issued	S106 Final Report Issued	Waste Contract – Green Waste Charging 17/18 Merged with Waste Contract – Client Services	Apprenticeship Levy Draft Report Issued
Careline Disaster Recovery Final Report Issued	Overtime and Expenses Final Report Issued		Software Licence Management Final Report Issued	DFG Grant Certification Final Report Issued	Homelessness Reduction Act In Fieldwork
CCTV Final Report Issued	Health and Safety – Fire Evacuation Arrangements Final Report Issued			Home Improvement Agency In Fieldwork	Property Compliance Contract In Planning
Commercialisation 17/18 Cancelled	General Data Protection Regulations – deferred from April Final Report Issued				
October	November	December	January	February	March
Integra 2 – General Ledger, Debtors and Creditors In Fieldwork	Council Tax ToR Issued	Corporate Debt Management In Fieldwork	Waste Contract – Client Services In Planning	Learning Management System	
Treasury Management Final Report Issued	NDR In Fieldwork	Payroll ToR Issued	King George V Playing Fields	Markets – Contract Management	
PSN Accreditation In Fieldwork	Benefits ToR Issued	Outbound Mail Contract	Green Space Strategy Management – deferred from August In Planning	Corporate Governance	
Crematorium – deferred from September				Procurement	

APPENDIX C – 2018/19 AUDIT PLAN START DATES AGREED WITH MANAGEMENT

Draft Report Issued					
Capital Programme – moved from January In Fieldwork					

APPENDIX D – ASSURANCE AND FINDINGS DEFINITIONS 2018/19

Assurance Level	Definition
Good	The design and operation of the internal control framework is effective, thereby ensuring that the key risks in scope are being well managed and core objectives will likely be achieved. There are minor reportable audit findings.
Satisfactory	The internal control framework is largely working well in managing the key risks in scope, with some audit findings related to the current arrangements.
Limited	The system of internal control is only partially effective, with important audit findings in key areas. Improvement in the design and/or operation of the control environment is necessary to gain assurance risks are being managed to an acceptable level, and core objectives will be achieved.
No	The system of internal control has serious gaps, and controls are not effective in managing the key risks in scope. It is highly unlikely that core objectives will be met without urgent management intervention.

Priority Level		Definition
Corporate	Critical	 Red Audit findings which, in the present state, represent a serious risk to the organisation as a whole, i.e. reputation, financial resources and / or compliance with regulations. Management action to implement the appropriate controls is required immediately.
Service	High	 Amber Audit findings indicate a serious weakness or breakdown in control environment, which, if untreated by management intervention, is highly likely to put achievement of core service objectives at risk. Remedial action is required urgently.
	Medium	 Yellow Audit findings which, if not treated by appropriate management action, are likely to put achievement of some of the core service objectives at risk. Remedial action is required in a timely manner.
	Low / Advisory	 Green Audit findings indicate opportunities to implement good or best practice, which, if adopted, will enhance the control environment. The appropriate solution should be implemented as soon as is practically possible.

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FINANCE AUDIT AND RISK COMMITTEE
17 December 2018

PUBLIC DOCUMENT

TITLE OF REPORT: RISK MANAGEMENT UPDATE

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

1. EXECUTIVE SUMMARY

To provide the Committee with an update on the Corporate risks, and that there are no proposed changes to these risks.

2. RECOMMENDATIONS

- 2.1 That the Committee notes that there are no changes to the Corporate risks for the Quarter

3. REASONS FOR RECOMMENDATIONS

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

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 There are no alternative options that are applicable

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

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

6. FORWARD PLAN

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

7. BACKGROUND

- 7.1 At the September meeting of the Finance, Audit and Risk Committee the following changes to the Corporate risks were approved and referred on to Cabinet. These were subsequently approved by Cabinet.

- The deletion of the Office Accommodation Risk TR51
- The creation of a new Waste Parent Risk RRNEW 1 with a Risk score of 8.
- The deletion of Waste Sub risks RR287 / RR424 / RR455 / TR59 / TR59.001/ TR59.002 / TR59.004 / TR59.005 /TR59.006
- The amendments to Waste sub risk TR59.007 Sale of Materials, to include an increase in the risk score from an 8 to a 9.
- The creation of a new Waste risk – RRNEW2 Route Optimisation of Collection Rounds with a risk score of 7.

8. RELEVANT CONSIDERATIONS

8.1 Corporate Risks

- 8.1.1 The Corporate Risks summarised in Table 1 have been reviewed and agreed by SMT. Members are able to view the current risk descriptions on Pentana ,the Council's performance and risk management software. Although a number of risks were reviewed by Officers and the Risk Management Group, there are no proposed changes to the Corporate risk scores in this update. Table 1 shows the last date that each Corporate risk was reviewed by the risk owner.
- 8.1.2 The Income Generation risk was discussed at the Risk Management Group, and a revised summary of this risk is provided at Appendix A. This summary has been updated to include the appropriate mitigation activities required. It also shows that Opportunities are as important as Risks, and that the biggest issue is likely to be missing an opportunity.

Table 1: Risk and Opportunities Matrix – No Proposed Changes

Likelihood	3 High	4	7 <ul style="list-style-type: none"> • Income Generation (13.11.18) ↔• Sustainable Development (10.10.18) ↔ 	9 <ul style="list-style-type: none"> • Local Plan (10.10.18) ↔ • Managing the Council's Finances (30.04.18) • North Hertfordshire Museum and Hitchin Town Hall Project (13.11.18) ↔ • Waste Management, Recycling and Street Cleansing (15.11.18) ↔
	2 Medium	2	5 <ul style="list-style-type: none"> • Increased Homelessness (23.07.18) • Workforce Planning (25.09.18) ↔ 	8 <ul style="list-style-type: none"> • Cyber Risks (27.09.18) ↔
	1 Low	1	3	6
		1 Low	2 Medium	3 High
		Impact		

9. LEGAL IMPLICATIONS

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

10. FINANCIAL IMPLICATIONS

- 10.1 There are no direct financial implications from this report.

11. RISK IMPLICATIONS

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

12. EQUALITIES IMPLICATIONS

- 12.1 In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2 Reporting on the management of risk provides a means to monitor whether the council are meeting the stated outcomes of the district priorities, its targets or delivering accessible and appropriate services to the community to meet different people's needs. The risks of NHDC failing in its Public Sector Equality Duty are recorded on the Risk Register. The Council's risk management approach is holistic, taking account of commercial and physical risks. It should also consider the risks of not delivering a service in an equitable, accessible manner, and especially to its most vulnerable residents such as those who are homeless

13. SOCIAL VALUE IMPLICATIONS

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

14. HUMAN RESOURCE IMPLICATIONS

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

15. APPENDICES

- 15.1 Appendix A- Summary of Income Generation Risk

16. CONTACT OFFICERS

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17. BACKGROUND PAPERS

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

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Income Generation

Generated on: 16 November 2018



Risk Code	CR61	Risk Title	Income Generation
Risk Owner	Steve Crowley	Updated By	Steve Crowley
Year Identified	2016	Corporate Priority	Responsive and Efficient
Risk Description	<p>The General Power of Competence contained in the Localism Act 2011, allows councils to operate more commercially and to undertake activities previously restricted to the non-public-sector. The Council has taken the first steps in developing a more commercial culture and approach to service delivery, e.g. the introduction of a Service Director – Commercial post and the development of a draft Commercial Strategy. This will seek opportunities to generate additional income from existing and new services and to improve the Council's overall financial position.</p> <p>To be successful in realising opportunities and the associated benefits, the Council will need to:</p> <ul style="list-style-type: none"> - Truly embed a commercial culture for both Members and Officers - Understand the need to pursue additional income generation opportunities - Have a consistent and considered approach to assessing and developing new ideas - Have sufficient commercial expertise and experience - Have sufficient risk awareness and establish a risk appetite that aligns with its corporate objectives, in order to make informed decisions and avoid focusing on the downside risks of potential ventures rather than the upside opportunities, i.e. being overly risk averse - Have sufficient resources to research options and develop business cases diligently - Have a clear understanding of associated governance and legal requirements - Be aware that some commercialisation initiatives will not be successful - Learn from the experience of others <p>If the above are not in place, there is a risk that the Council:</p> <ul style="list-style-type: none"> - Fails to capitalise on viable opportunities - Progresses with commercialisation opportunities that are not appropriate, not the best use of resources or do not provide a balanced risk exposure - Fails to maximise the chances of individual project success and the realisation of maximum benefits - Fails to maximise contributions to revenue/capital income streams - Does not adhere to relevant rules and regulations <p>This could lead to the Council:</p> <ul style="list-style-type: none"> - Not taking up commercialisation opportunities - Taking too long to take up opportunities, which then reduces or eliminates any benefits - Taking up sub-optimal opportunities <p>It should also be noted that there will be additional specific risks associated with all potential ventures, e.g. failing to deliver the benefits identified in the Business Case, and these will be recorded and managed on a project-by-project basis.</p>		
Opportunities	<ul style="list-style-type: none"> - To realise the benefits of new service provision and new ways of working - To generate sufficient income to be self-sufficient from central government funding - To maintain and improve existing services - To avoid or limit Council Tax increases - To provide new (or continue to provide existing) services that are valued by residents 		
Consequences	<ul style="list-style-type: none"> - The Council might have to reduce or stop non-statutory services - The Council might have to reduce the quality of statutory services - Complaints from residents and service users might increase - The Council's reputation might be damaged, as a result of either enforced changes to current service provision or the failure of new ventures - NHDC/officers might face sanctions 		

Income Generation

<p>Work Completed</p>	<ul style="list-style-type: none"> - Scoping and consultancy advice (financial and legal) relating to the formation of a Property Company - SIAS audit of Income Generation completed and report received (November 2017) - Cabinet approval obtained to establish a Property Company (wholly owned holding company and trading companies) - Service Director - Commercial post established as part of the new senior management arrangements - E-form available via the intranet to submit new business proposals or suggest ways of improving current service provision - Commercialisation email address created for queries 		
<p>Ongoing Work</p>	<ul style="list-style-type: none"> - Service Director - Commercial formulating the structure of a new team to investigate commercial opportunities and this will be followed by the relevant recruitment processes - Service Director - Commercial drafting a formal Commercial Strategy, in consultation with the Executive Member for Finance and IT, regarding the approach to investigating and pursuing internal/external commercial opportunities (i.e. generating ideas, capturing them, bringing them forward, testing them and choosing which ones to proceed with) to generate cost savings/income - Structure and Strategy to consider the Income Generation audit recommendations relating to the: <ul style="list-style-type: none"> -- Development of a strategy to provide direction and support decision making -- Development of a business case template to assess the viability of all income generation proposals -- Identification of key Officers to champion commercialism - Working with Learning and Development to develop appropriate Commercial training packages, in order to develop individual and corporate understanding and skills - Service Director – Commercial discussing approach and ideas with service areas throughout the Council - Draft Commercial Strategy to go to PLB in December 2018 and to O&S and Cabinet in January 2019 - Whilst work is underway on the structure, strategy and culture, continue to progress initial ideas, e.g. conversion of former offices at Harkness Court <p>The required risk mitigation measures are described above. The main strategic mitigation is to get a culture in place that promotes ideas and takes appropriate risks in progressing opportunities. There will be additional mitigations that are required in relation to specific projects.</p>		
<p>Current Impact Score</p>	2	<p>Current Likelihood Score</p>	3
<p>Overall Risk Score</p>	7	<p>Current Risk Matrix</p>	
<p>Date Reviewed</p>	13-Nov-2018	<p>Next Review Date</p>	13-Feb-2019
<p>Latest Notes</p>	<p>16-Nov-2018 Risk entry circulated to Anthony Roche and Ian Couper for comment and further updates made.</p> <p>16-Nov-2018 Risk reviewed and updated by Steve Crowley on 13 November 2018 to reflect the content of the draft Commercial Strategy. Work continues on the development of the required strategy, structure and culture, whilst we progress initial ideas and projects. No change made to the current risk score.</p>		

FINANCE, AUDIT AND RISK COMMITTEE
17 December 2018

PUBLIC DOCUMENT

TITLE OF REPORT: SECOND 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 second quarter. The forecast variance is a **£17k decrease** on the net working budget of £15.293m for 2018/19, with an ongoing impact in future years of **£300k decrease** and a request to carry forward budget of **£87k** to fund a specific project 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 8.5)
- performance against the four key corporate 'financial health' indicators (para 8.6)
- the overall forecast funding position for the Council and factors that may affect this (paras 8.7 – 8.13)

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 £17k decrease in net expenditure.
- 2.3 That Cabinet notes the changes to the 2019/20 General Fund budget, as identified in table 3 and paragraph 8.2, a £213k decrease in net expenditure. These will be incorporated in the draft revenue budget for 2019/20.

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 12th October 2018.

7. BACKGROUND

- 7.1 Council approved the revenue budget in February 2018 of £14.747 million. As at quarter 2 the working budget has increased to £15.293 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
Current Working Budget	15,293

- 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 one monitoring report. Budget was reallocated between directorates during quarter 2 as the finer details of phase one of the corporate restructure were finalised.

Table 2 – Service Directorate Budget Allocations

Service Directorate	Net Direct Working Budget at Q1	Forecast Variances approved at Q1	Garden Waste Income Adjustment	Budget Transfers in Q2	Current Net Direct Working Budget
	£k	£k	£k	£k	£k
Chief Executive	1,479	(105)	0	0	1,374
Commercialisation	(349)	42	0	(138)	(447)
Customers	3,588	59	0	0	3,647
Legal & Community	2,101	33	0	97	2,232
Place	4,645	(100)	85	(98)	4,532
Regulatory Services	1,253	63	0	0	1,316
Resources	2,461	38	0	139	2,638
TOTAL	15,178	30	85	0	15,293

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
Investment Interest Income	-255	-320	-65	Level of investment interest income is forecast to be higher than budgeted due to the re-profiling of Capital Programme expenditure increasing cash balances available for investment.	0	-133
Employee Payroll Costs – Savings Target	-516	-601	-85	Original payroll budgets included provision for 3% increase in salaries for all pay grades. With the respective pay offers for 2018/19 now agreed, adjustment to current year vacancy control savings target is the estimated over-provision in respect of the pay award for 2018/19. The ongoing impact will	0	-85

Budget Area	Working Budget £k	Forecast £k	Variance £k	Reason for difference	Carry Forward Request £k	Estimated Impact on 2019/20 £k
				be incorporated in the base salary budgets calculated for each service.		
Business Rates Expenditure	+558	+586	+28	The national business rates revaluation in April 2017 resulted in significant increases to the rateable values of some of the Council's assets. Where this occurred, the authority was eligible for transitional relief, which allows the increase in rates to the higher value to be incremental over five years. Increase in spend therefore reflects reduction in value of the transitional relief in 2018/19 compared to last year.	0	+32
Land Charges Income	-174	-149	+25	Forecast shortfall is based on activity to date. The response to building control related elements of personal searches, previously provided by NHDC, is now undertaken by Hertfordshire Building Control. This is estimated to account for around £10k of the shortfall, with the remainder an indication of the effect of the slow down in the housing market due to economic uncertainty and the potential impact of Brexit.	0	+10
Planning Control – Legal and Consultants Costs	+103	+338	+235	Two appeals against Planning Committee decisions (both taken against officer recommendation) resulted in full cost awards against the Council and supplementary expenditure of approx. £140k. In addition, two 'hostile' planning applications for sites not taken forward within the Local Plan submission were defended at appeal. The first was a public inquiry at which the Council successfully defended its case. The outcome of the second appeal is awaited. Additional expenditure incurred as a result of planning appeals or hostile planning applications were identified as financial risks for 2018/19.	0	0
Local Plan Costs	+191	+306	+115	Anticipated further spend in this year includes inspector fees and legal fees for main modifications, and consultants' fees for advice on transport and green belt issues. Additional costs associated with the progress of the Local Plan were highlighted as a financial risk for 2018/19.	0	0

Budget Area	Working Budget £k	Forecast £k	Variance £k	Reason for difference	Carry Forward Request £k	Estimated Impact on 2019/20 £k
Community Infrastructure Levy (CIL)	+87	0	-87	The carry forward budget for CIL implementation will not be spent this year. The work has just started to see if it is beneficial for North Herts to introduce a Community Infrastructure Levy. This work will continue into the new financial year and therefore it is requested to carry forward this budget into 2019/20.	+87	0
Car Parking Fee Income	-1,906	-1,814	+92	The working budget total includes an additional £100k of income anticipated from the outcomes of the Strategic Parking Review. At the end of quarter two no additional income raising measures have been implemented and are unlikely to be introduced in this financial year.	0	0
Insurance	+224	+172	-52	Savings on insurance from the re-tender of the Council's insurance arrangements, primarily on our property insurance. This has included some changes to the level and scope of the insurance cover. The ongoing financial implication is included as an efficiency proposal in the draft 2019/20 budget report.	0	0
North Herts Leisure Centre – Contribution from Stevenage Leisure Limited (SLL)	0	-126	-126	The £126k variance represents the amount of SLL contribution applied to the General Fund following the agreement of the final account for the capital expenses of the development project. The delay in the completion of the development put back the realisation of the additional income from the Learner Pool. SLL agreed to make an additional contribution, made up of a fixed amount and an element of profit share, to reduce the financial impact on the Council.	0	0
Hitchin Swim Centre Car Park Extension – transfer of abortive capital scheme costs to the General Fund	0	+109	+109	Transfer of costs incurred over a number of years in progressing the project to extend the HSC car park, which to date have been charged as capital expenditure. Following a public enquiry the Council was refused permission for an access road through Butts Close, which has meant the original scheme is no longer viable. A new plan is currently being considered to increase the number of parking spaces at the car park.	0	0
Property Compliance	+143	+118	-25	Underspend primarily due to buildings being removed from the compliance contract. Buildings removed include the DCO and Town Lodge, where compliance is generally delivered in-house, and those sports pavilions no longer maintained by the Council. Ongoing budget provision required for compliance will be reviewed again once the new	0	0

Budget Area	Working Budget £k	Forecast £k	Variance £k	Reason for difference	Carry Forward Request £k	Estimated Impact on 2019/20 £k
				contract, commencing in February 2019, is fully operational.		
Net Income from Hitchin Town Hall Community Facility	-73	+38	+111	Whilst significant progress has been made concerning the ownership of 14 and 15 Brand Street, this revised forecast is an acknowledgement that the facility will not be fully operational before the end of this financial year, with the Council not able to achieve income from the café and the hiring of the terrace gallery. The opening of the museum and café was also expected to increase the footfall around the facility and so help in raising awareness of what services and activities are available. The adverse impact of a further delay to the opening of the Museum and Café was identified as a financial risk for 2018/19.	0	0
Corporate Photocopiers	+43	+25	-18	The temporary relocation to Town Lodge prompted a reduction in the total number of MFD machines, with three less in operation. This reduction was then made permanent when the lease contract was renewed prior to the return to DCO. This has resulted in lower rental costs, print charges and paper costs.	0	-18
Net Cost of Food and Garden Waste Collection	763	577	-186	Movement in forecast cost is indicative of both additional households registering for the Garden Waste Collection service during quarter 2 and performance management reductions in payments to the waste contractor relating to the delivery of the food and garden waste collection services in this year.	0	-61
Total of explained variances	-812	-741	+71		+87	-255
Other minor balances	16,105	16,017	-88		0	-45
Overall Total	15,293	15,276	-17		+87	-300

- 8.2 Cabinet are asked to approve the differences highlighted in the table above (£17k decrease in spend), as an adjustment to the working budget (recommendation 2.2). Cabinet are asked to note the estimated impact on the 2019/20 budget (£213k decrease in budget which includes the request to carry forward £87k of budget from 2018/19 to 2019/20), which will be incorporated in to the 2019/20 budget setting process (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 £229k was forecast at quarter one. The current forecast is a net overachievement of £338k. The main reason for this increase that is not highlighted in table 3 is:
- Shared Client Waste Team staff; -£56k. While the efficiency proposal phased the £120k estimated total saving over two years (2018/19 -£60k and 2019/20 - £60k), the approved staffing structure for the shared waste client team has delivered an estimated permanent saving of £115,600 from 2018/19. The overachievement in the current year has however been absorbed by temporary staffing pressures associated with the new waste contract. The £4,400 shortfall against the ongoing £120k saving is included within the other minor balances ongoing impact total in table 3.
- 8.4 The original budget estimates approved in February 2018 included an expectation that permanent annual payroll savings of £305k would be identified as part of the corporate staff restructure, bringing the total annual saving to the £500k total estimated in the original corporate restructure efficiency proposals (£195k expenditure was permanently removed from the budget following the two senior management voluntary redundancies agreed in October 2016 as part of phase 1). As part of phase 2 of the restructure, following their appointment each Service Director has reviewed and amended their respective Directorate staffing needs and arrangements during quarter two. While having only a part-year impact in 2018/19, the outcome of the review has been the identification of the £305k ongoing annual savings, with the associated budget adjustments incorporated into the staffing budget estimates for 2019/20.
- 8.5 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 two, it is forecast that one carry forward budget of £87k will not be spent. This unspent budget, relating to the potential implementation of a Community Infrastructure Levy, is highlighted and explained in table 3 above, with the allocated

resource now requested to be carried forward again to be utilised in 2019/20. All other carry forward budgets are expected to be spent in 2018/19.

- 8.6 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 two of the indicators are green and two are red. Explanations for both red indicators, land charges and car parking fees, are provided 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)	Green	(940)	(399)	(940)	0
Land Charges	Red	(174)	(72)	(149)	25
Car Parking Fees	Red	(1,906)	(852)	(1,814)	92
Parking Penalty Charge Notices	Green	(532)	(228)	(532)	0

FUNDING, RISK AND GENERAL FUND BALANCE

- 8.7 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.
- 8.8 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 £30k. 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.

- 8.9 In respect of Council Tax, £257k of the forecast £300k surplus position on our share of the Council Tax Collection Fund is the accumulation of annual surpluses recorded for prior financial years. The reason for retaining an annual surplus in the Collection Fund has been that the accumulated surplus can be used to fund / offset collection deficits reported in future years. Annual surpluses have however been recorded for a number of years consecutively and so, as detailed in the draft budget report, the accumulated surplus will be transferred from the Collection Fund to fund the Council's General Fund activities in 2019/20.
- 8.10 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 recently requested from pool member authorities details of their forecast Business Rates income for 2018/19. The information collected will be used in preparing an updated estimate of the respective pooling gain for each authority. The updated calculation is expected to be circulated shortly.
- 8.11 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.
- 8.12 Table 5 below summarises the impact on the general fund of the position at quarter two detailed in this report.

Table 5 – General Fund impact

	Working Budget £k	Q2 Projected Outturn £k	Difference £k
Brought Forward balance (1st April 2018)	(7,403)	(7,403)	-
Projected Net Spend	15,293	15,276	(17)
Funding (Council Tax, Business Rates, New Homes Bonus)	(15,045)	(15,044)	1
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)	(7,155)	(7,171)	(16)
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8.13 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 two a total of £709k have come to fruition. The four identified risks realised in the second quarter relate to;

- Higher than anticipated net cost of Hitchin Town Hall (as detailed in table 3). £111k
- Legal costs awards after successful appeals against planning application decisions (as detailed in table 3). £140k
- Costs associated with receipt of 'hostile' planning applications (as detailed in table 3). £95k
- Additional costs associated with the progression of the Local Plan (as detailed in table 3). £115k
- Usage of bed and breakfast accommodation for homeless households (included within other minor variances in table 3). £5k

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)
Allowance for known financial risks remaining	715

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

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

15. APPENDICES

- 15.1 None.

16. CONTACT OFFICERS

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FINANCE, AUDIT AND RISK COMMITTEE
17 December 2018

PUBLIC DOCUMENT

TITLE OF REPORT: SECOND 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 September 2018, and indicating its impact upon the approved capital programme for 2019/20 - 2021/22. The current estimate is a decrease in spend in 2018/19 of £8.666million and an increase in spend in future years of £7.387 million. The most significant individual changes are the re-profiling of funding for John Barker Place, Providing Housing at Market Rents and Hitchin Swim Centre Car Park into 2019/20 and the withdrawal of the Pension Fund Contribution.

2. RECOMMENDATIONS

- 2.1 That Cabinet notes the forecast expenditure of **£7.211million** in 2018/19 on the capital programme, paragraph 8.2 refers, and approves the adjustments detailed in table 3 which resulted in a net decrease on the working estimate of **£2.468million**.
- 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 **£7.387million**.
- 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 12th October 2018.

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 1st Quarter Monitoring Report.
- 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 2021/2 and the funding source for each capital scheme.

- 8.2 Capital expenditure for 2018/19 is estimated to be **£7.211million**. This is a reduction of **£8.646million** on the forecast in the 1st quarter report (reported to Cabinet on 31st July 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 capital programme.

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 2017/18	18.155	1.828	2.737
Changes at Q1	-2.298	0.150	-1.490
Addition to capital programme for lift at Town Hall / Museum	0.020	0	0
Changes at Q2 detailed in this report	-8.666	6.387	1.000
Current Capital Estimates	7.211	8.365	2.247

- 8.3 Table 2 lists changes 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
Provide Housing at Market Rents	2,850	500	-2,350	This budget was moved to the newly appointed Service Director for Commercial who commence employment in June 2018, therefore, the total spend is significant less than originally projected. Works in progress to establish a property company. Current year spend will relate to Harkness Court.	2,350
HAG John Barker	1,096	0	-1,096	Settle (formerly North Herts	1,096

Scheme	2018/19 Working Budget £'000	2018/19 Forecast Spend £'000	Difference £'000	Reason for Difference	Estimated impact on 2019/20 onwards £'000
Place				Homes) have submitted revised plans for pre-application advice and are waiting for confirmation from their Board to proceed with the revised application.	
Hitchin Swim Centre Car Park	498	0	-498	A revised plan will be prepared to increase the number of parking spaces at the current car parking site.	498
Hitchin Multi-Storey Lifts Refurbishment	360	0	-360	On hold until the Parking review is complete.	360
Letchworth Multi-storey Parapet / Soffit Decoration	138	0	-138		138
St Marys Car Park Lighting	60	0	-60		60
Install On Street Charging	50	0	-50		50
Hitchin Multi-Storey Car Park – Safety & Equality	39	0	-39		39
Community Facilities Refurbishment	671	379	-292	The next Capital Grants Member Panel is scheduled for mid January 2019 and currently there are approximately 10 potential schemes looking for significant funding. It is unlikely however that all funds awarded at the meeting will be spent before year end.	292
Cycle Strategy Implementation	278	0	-278	A draft strategy is currently being worked on. Consultation on the strategy will not happen before 2019/20.	278
Transport Plans Implementation	250	0	-250	The work on the transport plan has been dependent on the progress of the local plan. Recruitment will shortly be undertaken for a Transport Policy Officer, who	250

Scheme	2018/19 Working Budget £'000	2018/19 Forecast Spend £'000	Difference £'000	Reason for Difference	Estimated impact on 2019/20 onwards £'000
				will be able to undertake this work.	
On Street Charging – Pay & Display	235	0	-235	A review of the parking strategy will be presented to Cabinet in January 2019. Work will not commence before 2019/20.	235
Green Infrastructure Implementation	185	0	-185	A draft strategy is currently being worked on. Consultation on the strategy will not happen before 2019/20.	185
Bancroft Recreation Ground MUGA	170	0	-170	Working with Groundwork Hertfordshire to produce the specification and undertake the procurement. Works are expected to commence in April.	170
Walsworth Common Pitch Improvements	100	0	-100	Will commence once the current football season has finished.	100
Off Street Car Parks Resurfacing	91	0	-91	Car Parks are in satisfactory condition so budget not required in 18/19.	91
Baldock Town Hall Improvements	75	9	-66	Part of the planned improvements works have commenced however an asbestos survey was carried out prior to the contractors starting which revealed a significant amount of the hazardous material within the ceiling of one of the areas due to be refurbished. The decision has been taken to delay works within this area until the material has been removed.	66
Royston Leisure Centre	0	0	0	The outline business case did not provide a payback within the current contract period. The proposal has been deferred to allow it to be kept under review. This could be within the current	1,000

Scheme	2018/19 Working Budget £'000	2018/19 Forecast Spend £'000	Difference £'000	Reason for Difference	Estimated impact on 2019/20 onwards £'000
				contact period, if there were to be a change in circumstances or external funding was available.	
Section 106 Projects	0	60	60	To date, a total of £59k of S106 funds have been released for community schemes.	129
Total Minor (under £25k) slippage on other projects			0		0
Total Revision to Budget Profile			-6,198		7,387

8.4 There are also changes to the overall costs of schemes in 2018/19. These changes total a net decrease of £2.468million 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
Museum Services Development	5	80	75	The contractors who originally ceased work because of the issues with 14/15 Brand Street in March 2016 have come back with new quotes for completing the work for the design and retail fit out. This is within the tolerance limit for capital schemes and will be funded from grant received from The Heritage Lottery Fund.
Hitchin and Royston Fitness Equipment	0	27	27	Expenditure relates to costs incurred 17/18 but were not accrued. This amount has been added to the SLL loan total.
N H Leisure Centre Development	220	172	-48	Project completed last year. The final account has now been negotiated and agreed with the contractor.

Scheme	2018/19 Working Budget £'000	2018/19 Forecast Spend £'000	Difference £'000	Comments
Pension Capitalisation Contribution	2,500	0	-2,500	This required approval from the Department for Communities and Local Government (DCLG) to grant a capitalisation request, where capital funding is used for what would usually be considered to be revenue purposes. The application was denied on the basis that our reserves would still be above the minimum level at the end of 2020/21. As we are now approaching a need to borrow to fund Capital this contribution is unlikely to offer sufficient revenue savings to justify the Capital expenditure and there will therefore be no further request to DCLG.
Other minor changes			-22	
Total revision to scheme spend			-2,468	

Capital Programme 2018/19 Funding onwards

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	0.109	(0.571)	2.628
Set-aside Receipts	10.252		(5.920)	4.332
<i>S106 receipts</i>			(0.146)	
<i>Other third party grants and contributions</i>			(0.574)	
Total	13.342	0.109	(7.211)	6.960

- 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 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 could be around £2.3million higher than the estimated £17.823million.
- 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 £8k 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). Some of the major capital projects have 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	2017/18 Outturn £	2018/19 Working Estimate £	2018/19 Revised Estimate £	2018/19 Movement £	2019/20 Revised Estimate £	2020/21 Revised Estimate £	2021/22 Revised Estimate £
Attractive & Thriving	2,501,300	2,506,600	737,300	-1,769,300	2,636,100	300,000	0
Prosper & Protect	335,600	5,309,200	1,224,900	-4,084,300	4,504,100	0	0
Responsive & Efficient	6,646,800	8,061,300	5,248,800	-2,812,500	1,224,700	380,000	567,000
Grand Total	9,483,700	15,877,100	7,211,000	-8,666,100	8,364,900	680,000	567,000

By Service Group

Service Group	2017/18 Outturn £	2018/19 Working Estimate £	2018/19 Revised Estimate £	2018/19 Movement £	2019/20 Revised Estimate £	2020/21 Revised Estimate £	2021/22 Revised Estimate £
Advances & Cash Incentives	0	1,096,000	0	-1,096,000	1,096,000	0	0
Asset Management	5,532,300	3,561,500	1,211,500	-2,350,000	3,275,000	0	0
Building Control	0	0	0	0	0	0	0
CCTV	21,700	0	0	0	0	0	0
Community Services	364,000	746,500	447,500	-299,000	737,200	120,000	0
Computer Software and Equipment	142,600	287,400	276,700	-10,700	537,600	115,000	507,000
Corporate Items	0	2,510,600	10,600	-2,500,000	0	0	0
Growth Fund Projects	0	713,000	0	-713,000	713,000	0	0
Leisure Facilities	2,600,300	1,845,400	1,040,100	-805,300	853,000	385,000	0
Museum & Arts	141,700	24,900	105,900	81,000	0	0	0
Parking	11,300	999,800	26,700	-973,100	1,093,100	0	0
Renovation & Reinstatement Grant Expenditure	669,800	360,000	360,000	0	60,000	60,000	60,000
Town Centre Enhancement	0	0	0	0	0	0	0
Waste Disposal	0	0	0	0	0	0	0
Waste collection	0	3,732,000	3,732,000	0	0	0	0
Grand Total	9,483,700	15,877,100	7,211,000	-8,666,100	8,364,900	680,000	567,000

Capital Funding Source

Service Group	2017/18 Outturn £	2018/19 Working Estimate £	2018/19 Revised Estimate £	2017/18 Movement £	2019/20 Revised Estimate £	2020/21 Revised Estimate £	2021/22 Revised Estimate £
Capital Receipt	1,436,700	3,803,200	571,600	-3,231,600	2,658,200	393,000	567,000
Government Grant	704,900	1,063,000	300,000	-763,000	763,000	0	0
IT Reserve	0	0	0	0	0	0	0
Revenue Contribution / Borrowing	0	0	0	0	0	0	0
Other Capital Contributions	480,900	383,100	273,400	-109,700	143,000	250,000	0
S106 Funding	471,000	355,600	146,300	-209,300	468,200	37,000	0
Drawdown of cash investments	6,390,200	10,272,200	5,919,700	-4,352,500	4,332,500	0	0
Grand Total	9,483,700	15,877,100	7,211,000	-8,666,100	8,364,900	680,000	567,000

Capital Receipt Analysis

	2017/18 Outturn £	2018/19 Working Budget £	2018/19 Revised Funding £	2017/18 Movement £	2019/20 Estimate £	2020/21 Estimate £	2021/22 Estimate £
B/fwd Capital Receipt Funding	-3,223,516	-3,090,265	-3,090,265	0	-2,627,658	-6,469,458	-6,826,458
Add: Capital Receipts Received in Year	-1,303,449	-2,500,000	-108,993	2,391,007	-6,500,000	-750,000	-1,250,000
Less: Capital Receipts Used in Year	1,436,700	3,803,200	571,600	-3,231,600	2,658,200	393,000	567,000
C/Fwd Capital Receipt Funding	-3,090,265	-1,787,065	-2,627,658	-840,593	-6,469,458	-6,826,458	-7,509,458

Set-Aside Receipts Analysis

	2017/18 Outturn £	2018/19 Working Budget £	2018/19 Revised Funding £	2017/18 Movement £	2019/20 Estimate £	2020/21 Estimate £	2021/22 Estimate £
B/fwd Set-Aside Receipt Funding	-16,642,400	-10,252,200	-10,252,200	0	-4,332,500	0	0
Set-Aside Receipts Received in Year	0	0	0	0	0	0	0
Set -Aside Receipts Used in Year	6,390,200	10,272,200	5,919,700	-4,352,500	4,332,500	0	0
C/Fwd Set-Aside Receipt Funding	-10,252,200	20,000	-4,332,500	-4,352,500	0	0	0

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Project		2017/18 Outturn Funding £	2018/19 Revised Funding £	2018/19 Revised Funding £	Movement £	2019/20 Funding £	2020/21 Funding £	2021/22 Funding £
40 KVA UPS Device or Battery Replacement	Capital Receipt	0	0	0	0	7,000	0	0
40 KVA UPS Device or Battery Replacement Total		0	0	0	0	7,000	0	0
Additional PC's - Support Home Working/OAP	Capital Receipt	0	0	0	0	13,000	0	0
Additional PC's - Support Home Working/OAP	Drawdown of cash investments	12,700	0	0	0	0	0	0
Additional PC's - Support Home Working/OAP Total		12,700	0	0	0	13,000	0	0
Additional Storage	Capital Receipt	0	0	0	0	13,000	0	0
Additional Storage	Drawdown of cash investments	0	12,000	12,000	0	0	0	0
Additional Storage Total		0	12,000	12,000	0	13,000	0	0
Alternative to safeword tokens for staff/members working remotely	Capital Receipt	0	0	0	0	8,000	0	0
Alternative to safeword tokens for staff/members working remotely Total		0	0	0	0	8,000	0	0
Area Visioning	Drawdown of cash investments	26,400	0	0	0	0	0	0
Area Visioning Total		26,400	0	0	0	0	0	0
Back-up Diesel 40 KVA Generator (DCO)	Capital Receipt	0	0	0	0	20,000	0	0
Back-up Diesel 40 KVA Generator (DCO) Total		0	0	0	0	20,000	0	0
Baldock Town Hall project	Drawdown of cash investments	0	74,500	9,000	-65,500	65,500	0	0
Baldock Town Hall project	S106 Funding	1,500	800	0	-800	800	0	0
Baldock Town Hall project Total		1,500	75,300	9,000	-66,300	66,300	0	0
Bancroft Gardens Play Area	Capital Receipt	36,800	2,200	2,200	0	0	0	0
Bancroft Gardens Play Area	S106 Funding	11,500	3,400	3,400	0	0	0	0
Bancroft Gardens Play Area Total		48,300	5,600	5,600	0	0	0	0
Bancroft Recreation Ground, Hitchin, Multi Use Games Area (MUGA)	Capital Receipt	0	24,100	0	-24,100	44,100	0	0
Bancroft Recreation Ground, Hitchin, Multi Use Games Area (MUGA)	Other Capital Contributions	0	80,000	0	-80,000	60,000	0	0
Bancroft Recreation Ground, Hitchin, Multi Use Games Area (MUGA)	S106 Funding	0	65,900	0	-65,900	65,900	0	0
Bancroft Recreation Ground, Hitchin, Multi Use Games Area (MUGA) Total		0	170,000	0	-170,000	170,000	0	0
Cabinet Switches - 4 Floors	Capital Receipt	0	0	0	0	0	0	18,000
Cabinet Switches - 4 Floors	Drawdown of cash investments	6,700	0	0	0	0	0	0
Cabinet Switches - 4 Floors Total		6,700	0	0	0	0	0	18,000
Cadcorp Local Knowledge & Notice Board Software	Capital Receipt	0	13,500	13,500	0	0	0	0
Cadcorp Local Knowledge & Notice Board Software Total		0	13,500	13,500	0	0	0	0
Capitalised Pension Fund Contribution	Drawdown of cash investments	0	2,500,000	0	-2,500,000	0	0	0
Capitalised Pension Fund Contribution Total		0	2,500,000	0	-2,500,000	0	0	0
Channel shift - processing of housing register applications	Drawdown of cash investments	0	40,000	40,000	0	0	0	0
Channel shift - processing of housing register applications Total		0	40,000	40,000	0	0	0	0
Construction of pathway and roadway, Wilbury Hills Cemetery, Letchworth	Capital Receipt	0	35,000	35,000	0	0	0	0
Construction of pathway and roadway, Wilbury Hills Cemetery, Letchworth Total		0	35,000	35,000	0	0	0	0
Core Backbone Switch	Capital Receipt	0	0	0	0	20,000	0	0
Core Backbone Switch Total		0	0	0	0	20,000	0	0
Council property improvements following condition surveys	Capital Receipt	63,600	100,000	25,000	-75,000	775,000	0	0
Council property improvements following condition surveys	Drawdown of cash investments	0	0	75,000	75,000	0	0	0
Council property improvements following condition surveys	Revenue Contribution / Borrowing	0	0	0	0	0	0	0
Council property improvements following condition surveys Total		63,600	100,000	100,000	0	775,000	0	0
Customer Self Serve Module	Capital Receipt	0	3,000	3,000	0	0	0	0
Customer Self Serve Module Total		0	3,000	3,000	0	0	0	0
Cyber Attacks - Events Monitoring Software Solution	Capital Receipt	0	30,000	30,000	0	0	0	0
Cyber Attacks - Events Monitoring Software Solution Total		0	30,000	30,000	0	0	0	0
Cycle Strategy implementation (GAF)	Government Grant	0	278,000	0	-278,000	278,000	0	0
Cycle Strategy implementation (GAF) Total		0	278,000	0	-278,000	278,000	0	0
Decommissioning of Pavilions	Capital Receipt	0	120,000	0	-120,000	0	0	0
Decommissioning of Pavilions	Drawdown of cash investments	0	0	120,000	120,000	0	0	0
Decommissioning of Pavilions Total		0	120,000	120,000	0	0	0	0
Decommissioning of Play Areas	Capital Receipt	0	130,000	0	-130,000	0	0	0
Decommissioning of Play Areas	Drawdown of cash investments	0	0	130,000	130,000	0	0	0
Decommissioning of Play Areas Total		0	130,000	130,000	0	0	0	0
Dell Servers	Capital Receipt	0	0	0	0	65,000	0	0
Dell Servers Total		0	0	0	0	65,000	0	0
Demolition of Bancroft Hall	Drawdown of cash investments	0	600	0	-600	0	0	0
Demolition of Bancroft Hall Total		0	600	0	-600	0	0	0

Project		2017/18 Outturn Funding £	2018/19 Revised Funding £	2018/19 Revised Funding £	Movement £	2019/20 Funding £	2020/21 Funding £	2021/22 Funding £
Dog / Litter Bins	Capital Receipt	32,600	0	0	0	0	0	0
Dog / Litter Bins Total		32,600	0	0	0	0	0	0
DR Set-up	Capital Receipt	0	0	0	0	25,000	0	0
DR Set-up	Drawdown of cash investments	0	47,400	47,400	0	0	0	0
DR Set-up Total		0	47,400	47,400	0	25,000	0	0
EA Agreement (MS EA) TN agreed funded within 4571 Account	Capital Receipt	-5,200	0	0	0	199,600	0	450,000
EA Agreement (MS EA) TN agreed funded within 4571 Account	Drawdown of cash investments	0	0	0	0	0	0	0
EA Agreement (MS EA) TN agreed funded within 4571 Account Total		-5,200	0	0	0	199,600	0	450,000
Email / Web Gateway with SPAM Filtering Software Solution - Licence 3 Year Contract	Capital Receipt	28,000	0	0	0	0	39,000	0
Email / Web Gateway with SPAM Filtering Software Solution - Licence 3 Year Contract Total		28,000	0	0	0	0	39,000	0
Email Encryption Software Solution	Capital Receipt	0	0	0	0	0	45,000	0
Email Encryption Software Solution Total		0	0	0	0	0	45,000	0
Energy efficiency measures	Drawdown of cash investments	51,500	8,500	8,500	0	0	0	0
Energy efficiency measures Total		51,500	8,500	8,500	0	0	0	0
Financial System upgrade - E-series	Drawdown of cash investments	4,400	0	0	0	0	0	0
Financial System upgrade - E-series Total		4,400	0	0	0	0	0	0
Food Waste Caddies	Drawdown of cash investments	0	132,000	132,000	0	0	0	0
Food Waste Caddies Total		0	132,000	132,000	0	0	0	0
Green Infrastructure implementation (GAF)	Government Grant	0	185,000	0	-185,000	185,000	0	0
Green Infrastructure implementation (GAF) Total		0	185,000	0	-185,000	185,000	0	0
Hitchin & Royston Fitness Equipment	Other Capital Contributions	480,900	0	26,700	26,700	0	0	0
Hitchin & Royston Fitness Equipment Total		480,900	0	26,700	26,700	0	0	0
Hitchin Multi Storey Safety and Equalities Act improvements	Drawdown of cash investments	700	39,300	0	-39,300	39,300	0	0
Hitchin Multi Storey Safety and Equalities Act improvements Total		700	39,300	0	-39,300	39,300	0	0
Hitchin Outdoor Pool Showers and Toilets	Drawdown of cash investments	0	92,500	47,900	-44,600	0	0	0
Hitchin Outdoor Pool Showers and Toilets	S106 Funding	0	0	53,300	53,300	0	0	0
Hitchin Outdoor Pool Showers and Toilets Total		0	92,500	101,200	8,700	0	0	0
Hitchin Swimming Centre Lift	Drawdown of cash investments	3,100	96,900	84,300	-12,600	0	0	0
Hitchin Swimming Centre Lift Total		3,100	96,900	84,300	-12,600	0	0	0
Hitchin Swimming Pool Car Park extension	Capital Receipt	28,200	497,700	0	-497,700	497,700	0	0
Hitchin Swimming Pool Car Park extension Total		28,200	497,700	0	-497,700	497,700	0	0
Installation of trial on-street charging (GAF)	Government Grant	0	50,000	0	-50,000	50,000	0	0
Installation of trial on-street charging (GAF) Total		0	50,000	0	-50,000	50,000	0	0
Jackmans Central Play Area Renovation	Capital Receipt	64,500	0	0	0	0	0	0
Jackmans Central Play Area Renovation	S106 Funding	10,500	0	0	0	0	0	0
Jackmans Central Play Area Renovation Total		75,000	0	0	0	0	0	0
John Barker Place, Hitchin	Drawdown of cash investments	0	825,600	0	-825,600	825,600	0	0
John Barker Place, Hitchin	S106 Funding	0	270,400	0	-270,400	270,400	0	0
John Barker Place, Hitchin Total		0	1,096,000	0	-1,096,000	1,096,000	0	0
Jontek Database Server	Government Grant	33,800	0	0	0	0	0	0
Jontek Database Server Total		33,800	0	0	0	0	0	0
Lairage Multi-Storey Car Par - Structural wall repairs	Drawdown of cash investments	1,700	4,000	4,000	0	0	0	0
Lairage Multi-Storey Car Par - Structural wall repairs	Capital Receipt	0	0	0	0	120,000	0	0
Lairage Multi-Storey Car Par - Structural wall repairs Total		0	0	0	0	120,000	0	0
Laptops - Refresh Programme	Capital Receipt	0	6,000	6,000	0	0	6,000	0
Laptops - Refresh Programme Total		0	6,000	6,000	0	0	6,000	0
Letchworth Multi_storey Car Park - parapet walls, soffit & decoration	Capital Receipt	8,900	137,600	0	-137,600	137,600	0	0
Letchworth Multi_storey Car Park - parapet walls, soffit & decoration Total		8,900	137,600	0	-137,600	137,600	0	0
Letchworth multi-storey car park - lighting	Drawdown of cash investments	0	22,700	22,700	0	0	0	0
Letchworth multi-storey car park - lighting Total		0	22,700	22,700	0	0	0	0
Letchworth Outdoor Pool safety surface	Capital Receipt	3,500	56,500	56,500	0	0	0	0
Letchworth Outdoor Pool safety surface Total		3,500	56,500	56,500	0	0	0	0
Letchworth Outdoor Pool Showers and Toilets	Drawdown of cash investments	0	92,500	97,000	4,500	0	0	0
Letchworth Outdoor Pool Showers and Toilets Total		0	92,500	97,000	4,500	0	0	0
Mandatory Disabled Facility Grants	Government Grant	645,800	300,000	300,000	0	0	0	0
Mandatory Disabled Facility Grants Total		645,800	300,000	300,000	0	0	0	0
New Blade Enclosure	Capital Receipt	0	0	0	0	32,000	0	0
New Blade Enclosure Total		0	0	0	0	32,000	0	0
NH Museum & Community Facility	Drawdown of cash investments	92,700	4,900	4,900	0	0	0	0
NH Museum & Community Facility	Other Capital Contributions	0	0	75,000	75,000	0	0	0
NH Museum & Community Facility	S106 Funding	49,000	0	0	0	0	0	0
Museum / Town Hall Lift	Drawdown of cash investments	0	20,000	26,000	6,000	0	0	0
NH Museum & Community Facility Total		141,700	24,900	105,900	81,000	0	0	0
North Herts Leisure Centre Development	Capital Receipt	892,400	0	0	0	0	0	0

Project		2017/18 Outturn Funding £	2018/19 Revised Funding £	2018/19 Revised Funding £	Movement £	2019/20 Funding £	2020/21 Funding £	2021/22 Funding £
North Herts Leisure Centre Development	Drawdown of cash investments	744,100	0	0	0	0	0	0
North Herts Leisure Centre Development	Other Capital Contributions	0	220,100	171,700	-48,400	0	0	0
North Herts Leisure Centre Development	S106 Funding	65,600	0	0	0	0	0	0
North Herts Leisure Centre Development Total		1,702,100	220,100	171,700	-48,400	0	0	0
Norton Common Wheeled Sports improvements	Drawdown of cash investments	7,600	0	0	0	0	0	0
Norton Common Wheeled Sports improvements	S106 Funding	142,100	9,300	26,900	17,600	0	0	0
Norton Common Wheeled Sports improvements Total		149,700	9,300	26,900	17,600	0	0	0
Off Street Car Parks resurfacing and enhancement	Capital Receipt	0	91,200	0	-91,200	91,200	0	0
Off Street Car Parks resurfacing and enhancement Total		0	91,200	0	-91,200	91,200	0	0
PC's - Refresh Programme	Capital Receipt	0	14,000	14,000	0	17,000	17,000	17,000
PC's - Refresh Programme	Drawdown of cash investments	20,000	0	0	0	0	0	0
PC's - Refresh Programme Total		20,000	14,000	14,000	0	17,000	17,000	17,000
Permit gateway Citizen - to enable customers to renew permits on line	Capital Receipt	0	10,700	0	-10,700	0	0	0
Permit gateway Citizen - to enable customers to renew permits on line Total		0	10,700	0	-10,700	0	0	0
Portable Pendants	Government Grant	15,000	0	0	0	0	0	0
Portable Pendants Total		15,000	0	0	0	0	0	0
Private Sector Grants	Capital Receipt	24,000	60,000	60,000	0	60,000	60,000	60,000
Private Sector Grants Total		24,000	60,000	60,000	0	60,000	60,000	60,000
Provide housing at market rents.	Capital Receipt	0	804,700	0	-804,700	0	0	0
Provide housing at market rents.	Drawdown of cash investments	0	2,045,300	500,000	-1,545,300	2,500,000	0	0
Provide housing at market rents. Total		0	2,850,000	500,000	-2,350,000	2,500,000	0	0
Purchase of 14 & 15 Brand Street	Drawdown of cash investments	0	550,000	550,000	0	0	0	0
Purchase of 14 & 15 Brand Street Total		0	550,000	550,000	0	0	0	0
Recording of Council Meetings	Capital Receipt	0	80,800	80,800	0	0	0	0
Recording of Council Meetings Total		0	80,800	80,800	0	0	0	0
Refurbishment and improvement of community facilities	Capital Receipt	165,400	670,600		-670,600	0	120,000	0
Refurbishment and improvement of community facilities	Drawdown of cash investments	0	0	378,500	378,500	542,100	0	0
Refurbishment and improvement of community facilities Total		165,400	670,600	378,500	-292,100	542,100	120,000	0
Refurbishment of DCO	Drawdown of cash investments	5,288,100	0	0	0	0	0	0
Refurbishment of DCO Total		5,288,100	0	0	0	0	0	0
Refurbishment of lifts at Lairage Car Park	Capital Receipt	0	360,000	0	-360,000	0	0	0
Refurbishment of lifts at Lairage Car Park	Drawdown of cash investments	0	0	0	0	360,000	0	0
Refurbishment of lifts at Lairage Car Park Total		0	360,000	0	-360,000	360,000	0	0
Relay concrete slabs that surround the Hitchin outdoor pool.	Capital Receipt	30,600	1,500	1,500	0	0	0	0
Relay concrete slabs that surround the Hitchin outdoor pool. Total		30,600	1,500	1,500	0	0	0	0
Renew pathways at Bancroft Recreation Ground, Hitchin	Capital Receipt	14,600	23,100	23,100	0	0	0	0
Renew pathways at Bancroft Recreation Ground, Hitchin	S106 Funding	12,300	0	0	0	0	0	0
Renew pathways at Bancroft Recreation Ground, Hitchin Total		26,900	23,100	23,100	0	0	0	0
Renovate play area Howard Park, Letchworth	Capital Receipt	0	0	0	0	0	75,000	0
Renovate play area Howard Park, Letchworth Total		0	0	0	0	0	75,000	0
Renovate play area King George V Recreation Ground, Hitchin	Capital Receipt	0	0	0	0	75,000	0	0
Renovate play area King George V Recreation Ground, Hitchin Total		0	0	0	0	75,000	0	0
Renovate play area, District Park, Gt. Ashby	Capital Receipt	0	75,000	75,000	0	0	0	0
Renovate play area, District Park, Gt. Ashby Total		0	75,000	75,000	0	0	0	0
Replace and enhance lighting at St Mary's Car Park	Capital Receipt	0	60,000	0	-60,000	60,000	0	0
Replace and enhance lighting at St Mary's Car Park Total		0	60,000	0	-60,000	60,000	0	0
Replace items of equipment, Brook View, Hitchin	Capital Receipt	10,000	0	0	0	0	0	0
Replace items of equipment, Brook View, Hitchin Total		10,000	0	0	0	0	0	0
Replace items of play equipment Holroyd Cres, Baldock	Capital Receipt	0	0	0	0	0	10,000	0
Replace items of play equipment Holroyd Cres, Baldock Total		0	0	0	0	0	10,000	0
Replace items of play equipment Wilbury Recreation Ground, Letchworth	Capital Receipt	0	0	0	0	10,000	0	0
Replace items of play equipment Wilbury Recreation Ground, Letchworth Total		0	0	0	0	10,000	0	0
Replace items of play equipment, Chiltern Road, Baldock	Capital Receipt	0	10,000	10,000	0	0	0	0
Replace items of play equipment, Chiltern Road, Baldock Total		0	10,000	10,000	0	0	0	0
Replace main pool grating and overflow gullies at Hitchin Swim Centre	Capital Receipt	1,100	0	0	0	0	0	0
Replace main pool grating and overflow gullies at Hitchin Swim Centre Total		1,100	0	0	0	0	0	0
Replacement of neighbourhood CCTV equipment	Capital Receipt	21,700	0	0	0	0	0	0
Replacement of neighbourhood CCTV equipment Total		21,700	0	0	0	0	0	0
Replacement of Walsworth Common Access Bridge	Drawdown of cash investments	113,600	3,000	3,000	0	0	0	0
Replacement of Walsworth Common Access Bridge Total		113,600	3,000	3,000	0	0	0	0

Project		2017/18 Outturn Funding £	2018/19 Revised Funding £	2018/19 Revised Funding £	Movement £	2019/20 Funding £	2020/21 Funding £	2021/22 Funding £
Replacement SAN	Capital Receipt	0	0	0	0	110,000	0	0
Replacement SAN Total		0	0	0	0	110,000	0	0
Royston Leisure Centre extension	Capital Receipt	0	0	0	0	0	0	0
Royston Leisure Centre extension Total		0	0	0	0	0	0	0
S106 Projects	S106 Funding	170,700	0	60,000	60,000	128,800	0	0
S106 Projects Total		170,700	0	60,000	60,000	128,800	0	0
Scheme Alarms	Government Grant	10,300	0	0	0	0	0	0
Scheme Alarms Total		10,300	0	0	0	0	0	0
Security - Firewalls	Capital Receipt	0	0	0	0	0	0	14,000
Security - Firewalls	Drawdown of cash investments	9,900	14,000	14,000	0	0	0	0
Security - Firewalls Total		9,900	14,000	14,000	0	0	0	14,000
Serby Avenue Play Area renovation, Royston	Capital Receipt	0	0	0	0	0	0	0
Serby Avenue Play Area renovation, Royston	S106 Funding	7,800	0	0	0	0	0	0
Serby Avenue Play Area renovation, Royston Total		7,800	0	0	0	0	0	0
Smithsons Recreation Ground	Capital Receipt	500	0	0	0	0	0	0
Smithsons Recreation Ground	S106 Funding	0	0	0	0	0	0	0
Smithsons Recreation Ground Total		500	0	0	0	0	0	0
Software for personalised bills and annual billing.	Capital Receipt	0	6,000	6,000	0	0	0	0
Software for personalised bills and annual billing. Total		0	6,000	6,000	0	0	0	0
Splash Park at Bancroft Recreation Ground	Drawdown of cash investments	0	10,900	0	-10,900	0	0	0
Splash Park at Bancroft Recreation Ground	S106 Funding	0	800	0	-800	0	0	0
Splash Park at Bancroft Recreation Ground Total		0	11,700	0	-11,700	0	0	0
Splash Park at Priory Memorial, Royston	Drawdown of cash investments	0	15,000	0	-15,000	0	0	0
Splash Park at Priory Memorial, Royston Total		0	15,000	0	-15,000	0	0	0
St Mary's car park. Structural repairs to steps	Capital Receipt	0	0	0	0	0	0	0
St Mary's car park. Structural repairs to steps Total		0	0	0	0	0	0	0
Storage Facilities	Capital Receipt	15,500	50,000	50,000	0	0	0	0
Storage Facilities	Drawdown of cash investments	0	0	0	0	0	0	0
Storage Facilities Total		15,500	50,000	50,000	0	0	0	0
Tablets - Android Devices	Capital Receipt	0	0	7,100	7,100	8,000	8,000	8,000
Tablets - Android Devices	Drawdown of cash investments	7,000	10,000	2,900	-7,100	0	0	0
Tablets - Android Devices Total		7,000	10,000	10,000	0	8,000	8,000	8,000
Telephony system	Drawdown of cash investments	0	10,600	10,600	0	0	0	0
Telephony system Total		0	10,600	10,600	0	0	0	0
Town Centre pay & display machines for on-street charging	Capital Receipt	0	235,000	0	-235,000	235,000	0	0
Town Centre pay & display machines for on-street charging Total		0	235,000	0	-235,000	235,000	0	0
Transport Plans implementation (GAF)	Government Grant	0	250,000	0	-250,000	250,000	0	0
Transport Plans implementation (GAF) Total		0	250,000	0	-250,000	250,000	0	0
Ultra Violet water disinfection system	Capital Receipt	0	50,000	42,900	-7,100	0	0	0
Ultra Violet water disinfection system Total		0	50,000	42,900	-7,100	0	0	0
Walsworth Common Pavilion - contribution to scheme	Capital Receipt	0	0	0	0	0	13,000	0
Walsworth Common Pavilion - contribution to scheme	Other Capital Contributions	0	0	0	0	0	250,000	0
Walsworth Common Pavilion - contribution to scheme	S106 Funding	0	0	0	0	0	37,000	0
Walsworth Common Pavilion - contribution to scheme Total		0	0	0	0	0	300,000	0
Walsworth Common Pitch Improvements	Capital Receipt	0	15,000	0	-15,000	15,000	0	0
Walsworth Common Pitch Improvements	Other Capital Contributions	0	83,000	0	-83,000	83,000	0	0
Walsworth Common Pitch Improvements	S106 Funding	0	5,000	2,700	-2,300	2,300	0	0
Walsworth Common Pitch Improvements Total		0	103,000	2,700	-100,300	100,300	0	0
Walsworth Common Reconstruction of Car Park	Capital Receipt	0	30,000	30,000	0	0	0	0
Walsworth Common Reconstruction of Car Park Total		0	30,000	30,000	0	0	0	0
Waste and Street Cleansing Vehicles	Drawdown of cash investments	0	3,600,000	3,600,000	0	0	0	0
Waste and Street Cleansing Vehicles Total		0	3,600,000	3,600,000	0	0	0	0
Grand Total		9,483,700	15,877,100	7,211,000	-8,666,100	8,364,900	680,000	567,000
	Summary							
	Capital Receipt	1,436,700	3,803,200	571,600	-3,231,600	2,658,200	393,000	567,000
	Government Grant	704,900	1,063,000	300,000	-763,000	763,000	0	0
	Revenue Contribution / Borrowing	0	0	0	0	0	0	0
	Other Capital Contributions	480,900	383,100	273,400	-109,700	143,000	250,000	0
	S106 Funding	471,000	355,600	146,300	-209,300	468,200	37,000	0
	Drawdown of cash investments	6,390,200	10,272,200	5,919,700	-4,352,500	4,332,500	0	0
		9,483,700	15,877,100	7,211,000	-8,666,100	8,364,900	680,000	567,000

FINANCE AUDIT AND RISK COMMITTEE
17 December 2018

PUBLIC DOCUMENT

TITLE OF REPORT: TREASURY MANAGEMENT SECOND 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 second quarter of 2018/19 to the end of September. The current forecast is that the amount of investment interest expected to be generated during the year is £0.320 million. This is an increase of £0.065 million on the working budget.
- 1.2 To inform Cabinet of the performance against the Prudential and Treasury indicators detailed in the appendix to this report. During the second 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 September 2018.
- 2.1 Cabinet is asked to recommend to Council to note the position of Treasury Management activity as at the end of September 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 (e.g. unrated Building Societies and non-UK investments), 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. Our current strategy has meant that we have been able to achieve a yield that is above the average achieved by the Link Hertfordshire and Buckinghamshire Investment Benchmarking Group.

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 12 October 2018.

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 Appendix A provides the Treasury Management update at the end of the second quarter.
- 8.2 In summary, during the second 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.
- 8.3 The Council generated £0.159 million of interest during the first six months of 2018/19. The average interest rate on all outstanding investments at the 30 September was 0.97%.
- 8.4 The Council's activities expose it to a variety of risks (credit, liquidity and market). The Treasury Strategy sets out the Authority's appetite for the level of exposure to these risks.
- 8.5 **Credit Risk** 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.
- 8.6 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.
- 8.7 As at 30 September the split of investments was:

Banks	28%
Building Societies	46%
Local Authorities	18%
Money Market Funds	8%

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

- 8.9 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 30th September was £22.0 million which is primarily determined by the level of expenditure on the Council's Capital programme.
- 8.10 **Market Risk** is the possibility that financial loss might arise as a result of changes in interest rates.
- 8.11 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.
- 8.12 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 second quarter the Council had no investments for longer than 364 days. During the second quarter, three deals were placed for one year totalling £3.0 million. The largest was for £2.0 million which equated to 5.6% of outstanding investments on the day of the deal.
- 8.13 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.
- 8.14 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 £4.4 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 £0.320 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. The introduction of the Funding for Lending Scheme which allows financial institutions access to low cost funding from Government for an extended period has impacted on their need to borrow and the rates at which they are prepared to borrow.

12. EQUALITIES IMPLICATIONS

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

13. SOCIAL VALUE IMPLICATIONS

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

14. HUMAN RESOURCE IMPLICATIONS

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

15. APPENDICES

- 15.1 Appendix A Treasury Management Update September 2018.

16. CONTACT OFFICERS

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17. BACKGROUND PAPERS

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

Treasury Management Update

Quarter Ended 30 September 2018

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Contents

- 1. Economic Background 3
- 2. Interest Rate Forecast..... 5
- 3. Annual Investment Strategy 6
- 4. New Borrowing 10
- 5. Debt Rescheduling 10
- 6. Compliance with Treasury and Prudential Limits..... 10
- APPENDIX 1: Prudential and Treasury Indicators as at 30 September 2018..... 11

Treasury Management Update

Quarter Ended 30 September 2018

The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management recommends that members be updated on treasury management activities regularly (annual, mid-year or quarterly reports). This report, therefore, ensures this Council is implementing best practice in accordance with the Code.

1. Economic Background

UK. The first half of 2018/19 has seen UK **economic growth** post a modest performance, but sufficiently robust for the Monetary Policy Committee, (MPC), to unanimously (9-0) vote to increase **Bank Rate** on 2nd August from 0.5% to 0.75%. Although growth looks as if it will only be modest at around 1.5% in 2018, the Bank of England's August Quarterly Inflation Report forecast that growth will pick up to 1.8% in 2019, albeit there were several caveats – mainly related to whether or not the UK achieves an orderly withdrawal from the European Union in March 2019.

Some MPC members have expressed concerns about a build-up of **inflationary pressures**, particularly with the pound falling in value again against both the US dollar and the Euro. The Consumer Price Index (CPI) measure of inflation rose unexpectedly from 2.4% in June to 2.7% in August due to increases in volatile components, but is expected to fall back to the 2% inflation target over the next two years given a scenario of minimal increases in Bank Rate. The MPC has indicated Bank Rate would need to be in the region of 1.5% by March 2021 for inflation to stay on track. Financial markets are currently pricing in the next increase in Bank Rate for the second half of 2019.

As for the **labour market**, unemployment has continued at a 43 year low of 4% on the Independent Labour Organisation measure. A combination of job vacancies hitting an all-time high in July, together with negligible growth in total employment numbers, indicates that employers are now having major difficulties filling job vacancies with suitable staff. It was therefore unsurprising that wage inflation picked up to 2.9%, (3 month average regular pay, excluding bonuses) and to a one month figure in July of 3.1%. This meant that in real terms, (i.e. wage rates higher than CPI inflation), earnings grew by about 0.4%, near to the joint high of 0.5% since 2009. (The previous high point was in July 2015.) Given the UK economy is very much services sector driven, an increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. This tends to confirm that the MPC were right to start on a cautious increase in Bank Rate in August as it views wage inflation in excess of 3% as increasing inflationary pressures within the UK economy. However, the MPC will need to tread cautiously before increasing Bank Rate again, especially given all the uncertainties around Brexit.

In the **political arena**, there is a risk that the current Conservative minority government may be unable to muster a majority in the Commons over Brexit. However, our central position is that Prime Minister May's government will endure, despite various setbacks, along the route to Brexit in March 2019. If, however, the UK faces a general election in the next 12 months, this could

result in a potential loosening of monetary policy and therefore medium to longer dated gilt yields could rise on the expectation of a weak pound and concerns around inflation picking up.

USA. President Trump's massive easing of fiscal policy is fuelling a (temporary) boost in consumption which has generated an upturn in the rate of strong growth which rose from 2.2%, (annualised rate), in quarter 1 to 4.2% in quarter 2, but also an upturn in inflationary pressures. With inflation moving towards 3%, the Fed increased rates another 0.25% in September to between 2.00% and 2.25%, this being four increases in 2018, and indicated they expected to increase rates four more times by the end of 2019. The dilemma, however, is what to do when the temporary boost to consumption wanes, particularly as the recent imposition of tariffs on a number of countries' exports to the US, (China in particular), could see a switch to US production of some of those goods, but at higher prices. Such a scenario would invariably make any easing of monetary policy harder for the Fed in the second half of 2019.

EUROZONE. Growth was unchanged at 0.4% in quarter 2, but has undershot early forecasts for a stronger economic performance in 2018. In particular, data from Germany has been mixed and it could be negatively impacted by US tariffs on a significant part of manufacturing exports e.g. cars. For that reason, although growth is still expected to be in the region of 2% for 2018, the horizon is less clear than it seemed just a short while ago.

CHINA. Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems.

JAPAN - has been struggling to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy.

2. Interest Rate Forecast

The Council's treasury advisor, Link Asset Services, has provided the following forecast:

Link Asset Services Interest Rate View											
	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Bank Rate View	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.50%	1.50%
3 Month LIBID	0.75%	0.80%	0.80%	0.90%	1.10%	1.10%	1.20%	1.40%	1.50%	1.60%	1.60%
6 Month LIBID	0.85%	0.90%	0.90%	1.00%	1.20%	1.20%	1.30%	1.50%	1.60%	1.70%	1.70%
12 Month LIBID	1.00%	1.00%	1.00%	1.10%	1.30%	1.30%	1.40%	1.60%	1.70%	1.80%	1.80%
5yr PWLB Rate	2.00%	2.00%	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%
10yr PWLB Rate	2.40%	2.50%	2.50%	2.60%	2.70%	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%
25yr PWLB Rate	2.80%	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%	3.50%	3.50%
50yr PWLB Rate	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%

The flow of generally positive economic statistics after the end of the quarter ended 30 June meant that it came as no surprise that the MPC came to a decision on 2 August to make the first increase in Bank Rate above 0.5% since the financial crash, to 0.75%. However, the MPC emphasised again, that future Bank Rate increases would be gradual and would rise to a much lower equilibrium rate, (where monetary policy is neither expansionary or contractionary), than before the crash; indeed they gave a figure for this of around 2.5% in ten years' time but they declined to give a medium term forecast. We do not think that the MPC will increase Bank Rate in February 2019, ahead of the deadline in March for Brexit. We also feel that the MPC is more likely to wait until August 2019, than May 2019, before the next increase, to be followed by further increases of 0.25% in May and November 2020 to reach 1.5%. However, the cautious pace of even these limited increases is dependent on a reasonably orderly Brexit.

The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is probably neutral.
- The balance of risks to increases in Bank Rate and shorter term PWLB rates, are probably also even and are broadly dependent on how strong GDP growth turns out, how slowly inflation pressures subside, and how quickly the Brexit negotiations move forward positively.

3. Annual Investment Strategy

The Treasury Management Strategy Statement (TMSS) for 2018/19, which includes the Annual Investment Strategy, was approved by the Council on 8th February 2018. It sets out the Council's investment priorities as being:

- Security of capital;
- Liquidity; and
- Yield.

The Council will also aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity. In the current economic climate it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in periods up to 24 months.

Officers can confirm that the approved limits within the Annual Investment Strategy were not breached during the quarter ended 30 September 2018.

The average level of funds available for investment purposes during the quarter was **£35.1m**. The Council holds **£22.0m** core cash balances for investment purposes (i.e. funds available for more than one year). The investment portfolio yield for the 2nd quarter of the year is 0.84%.

Investments at 30th September 2018

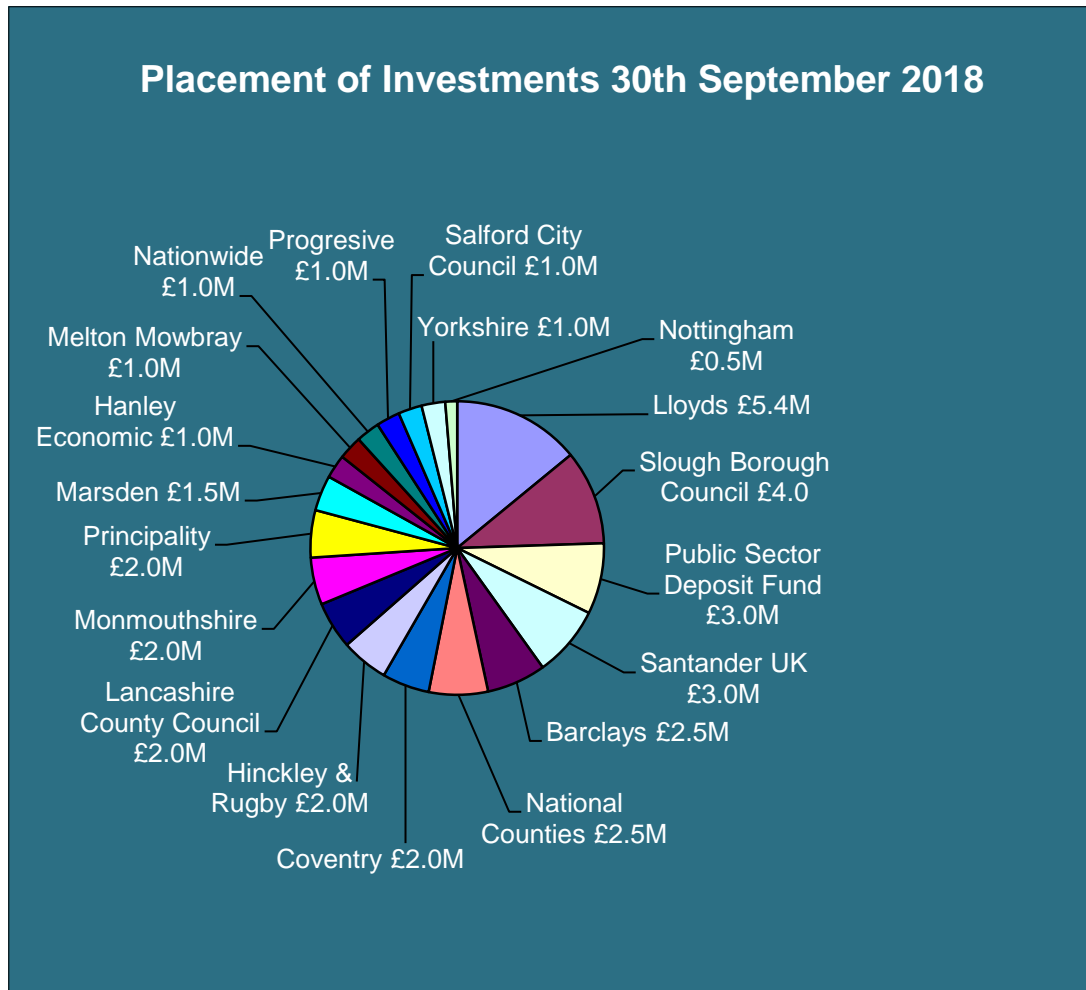
	Amount	Average
	£	Interest Rate %
Managed By NHDC		
Banks	10,900,000	0.83
Building Societies	5,500,000	0.73
Local Authorities	7,000,000	0.98
Money Market Fund	3,000,000	0.68
NHDC To Total	26,400,000	0.85
Managed by Tradition		
Building Societies	12,000,000	1.10
Tradition Total	12,000,000	1.10
TOTAL	38,400,000	0.97

In percentage terms, this equates to:

	Percentage
Money Market Funds	7.81
Local Authorities	18.23
Banks	28.39
Building Societies	45.57

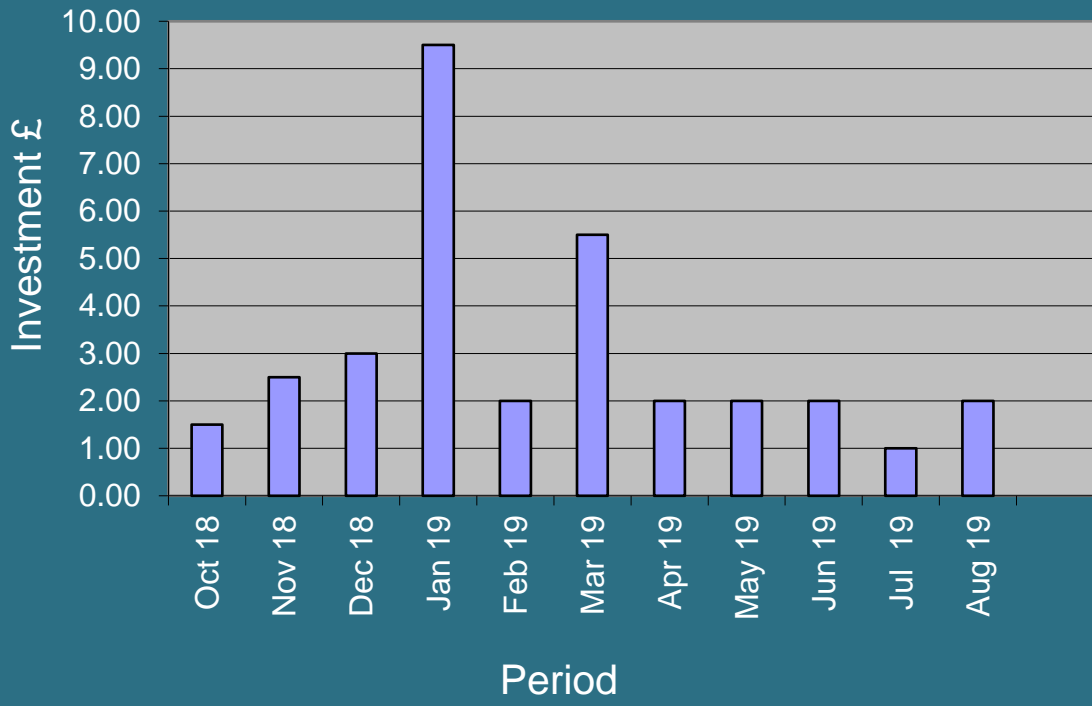
The approved 18/19 strategy is that no more than 75% of investments should be placed with Building Societies.

The pie chart below shows the spread of investment balances as at 30 September 2018. This is a snapshot in time that demonstrates the diversification of investments.



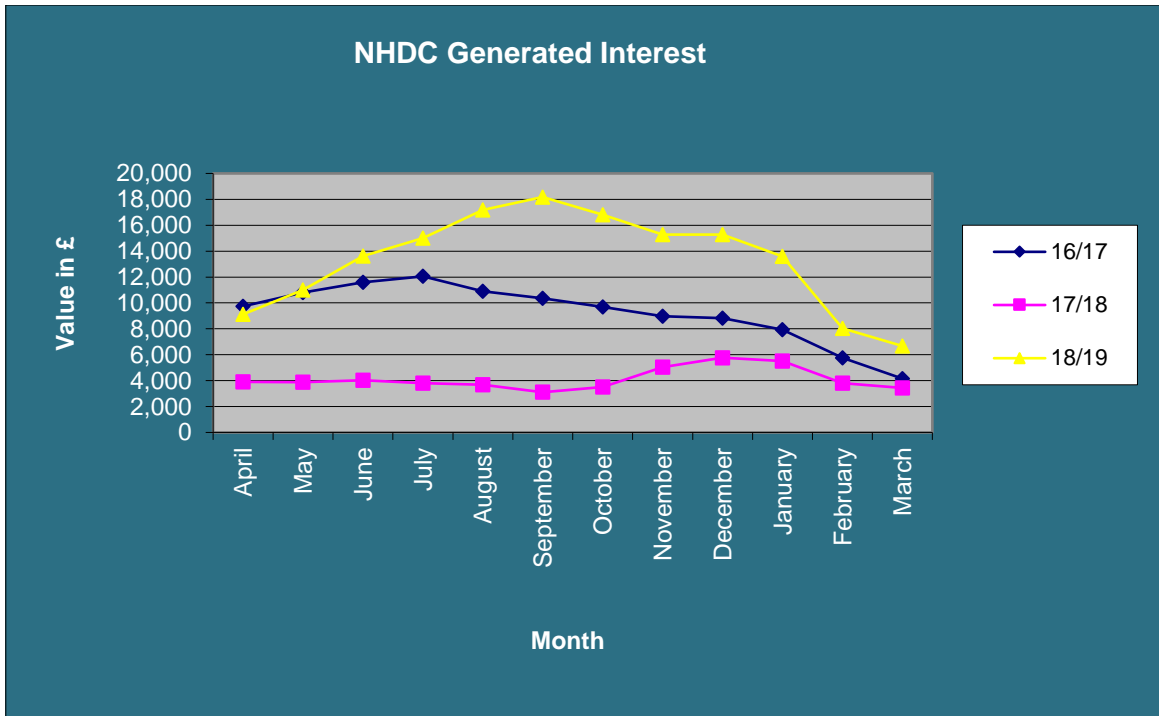
The chart below shows the Council's investment maturity profile. (This does not include the £3.0M held in the Public Sector Deposit Fund Money Market account or £5.1M held in the Lloyds current account which can be called back on any day).

Investment Maturity 30th September 2018

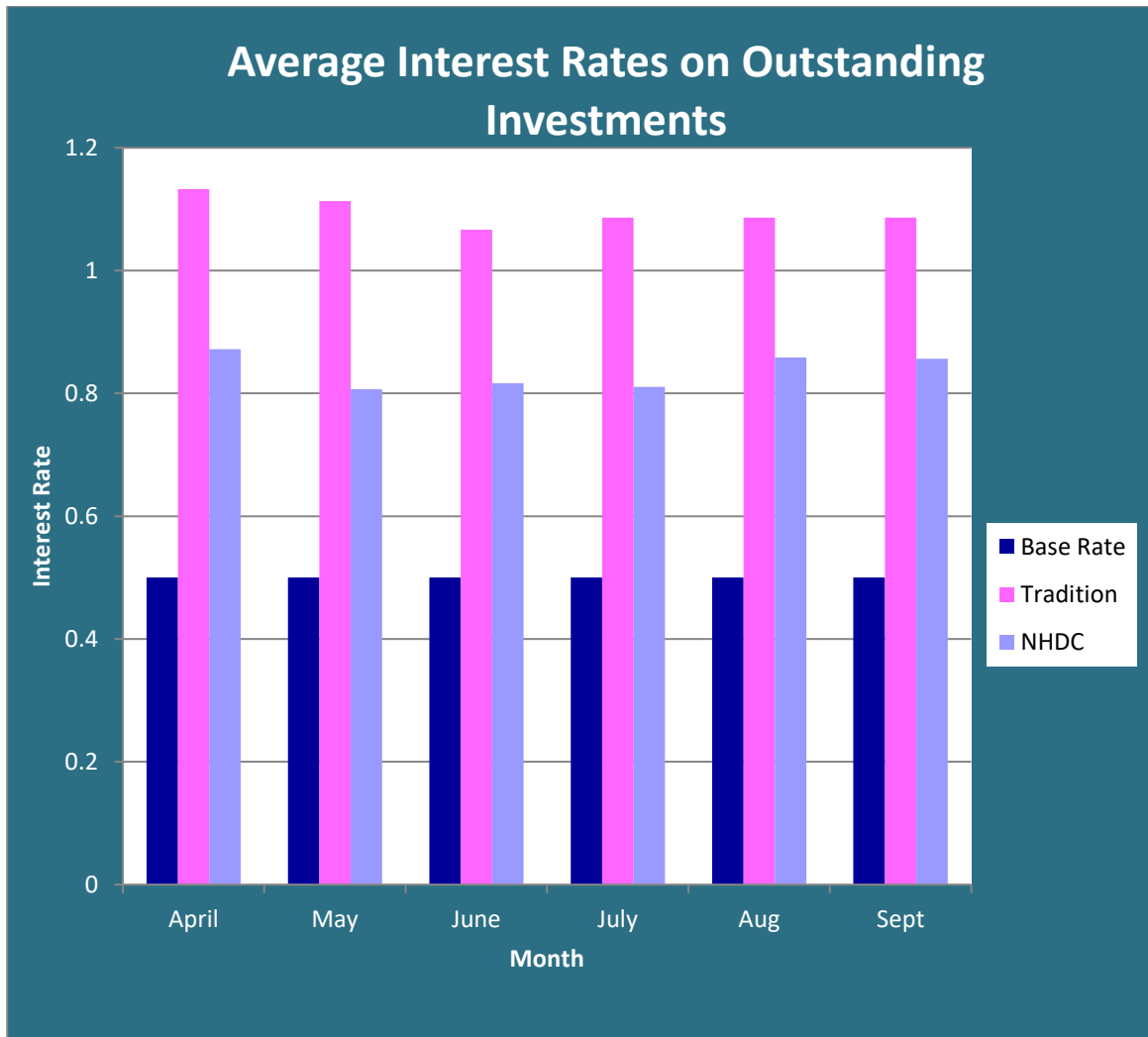


The Council's Original budgeted investment return for 2018/19 was £0.167M. The projection at the first quarter was £0.255M which was an increase of £0.088M on the Original budget. The projection at the second quarter is now £0.320M. The increase is mainly due to a higher level of balances.

The graph below shows the level of interest expected to be generated from the cash available in-house over the year which is maintained to ensure adequate cash flow. This does not include interest generated from Tradition deals. Cash balances have historically reduced over January to March each year as there are less Council Tax receipts in February and March.



The graph below shows the average rate of interest on outstanding investments at 30th September.



The Service Director - Resources confirms that the approved limits within the Annual Investment Strategy were not breached during the third quarter of 2017/18.

4. New Borrowing

No borrowing was undertaken during the quarter.

The Council's capital financing requirement (CFR) for 2018/19 is expected to be -£4.4m if Capital expenditure matches the current profile. (-£10.3m at the end of 17/18). The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The CFR is negative as the Council has more cash investments than borrowing. The balance of external and internal borrowing is generally driven by market conditions.

It is anticipated that long term borrowing will not be undertaken during this financial year.

Loans Outstanding at 30 September 2018

	Amount	Average Interest Rate	Cumulative Rate
	£	%	%
Public Works Loans Board	447,600	9.5255	8.5654

5. Debt Rescheduling

No debt rescheduling was undertaken during the quarter.

6. Compliance with Treasury and Prudential Limits

It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. The Council's approved Treasury and Prudential Indicators, (affordability limits), are included in the approved TMSS.

During the quarter ended 30 September 2018, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement and in compliance with the Council's Treasury Management Practices. The prudential and treasury Indicators are shown in Appendix 1.

APPENDIX 1: Prudential and Treasury Indicators for 2018-19 as at 30 September 2018

Treasury Indicators	2018/19 Budget £'000	30.9.18 Actual £'000
Authorised limit for external debt The Maximum level of borrowing set by Council which can not be exceeded.	15,000	448
Operational boundary for external debt The limit beyond which external debt is not normally expected to exceed, based on gross external debt	5,000	448
Gross external debt Based on current level of debt, plus an allowance for additional debt if it was required	3,456	448
Investments Level of cash investments, expect actuals to exceed this early in the year as linked to capital spend during the year	(24,500)	(38,400)
Net borrowing Investments less Gross external debt	(21,044)	(37,952)
Maturity structure of fixed rate borrowing - upper and lower limits		
Under 12 months	16	16
12 months to 2 years	17	17
2 years to 5 years	56	56
5 years to 10 years	92	92
10 years to 20 years	25	25
20 years to 30 years	250	250

The budget represents the structure of borrowing that was in place at the start of the year. No new borrowing has been taken out so the position is still in line with the budget.

Prudential Indicators	2018/19 Budget £'000	30.9.18 Actual £'000
<p>Capital expenditure The budget is the expected capital expenditure during the year. The actual total is spend to date. Only at the end of the year will actuals get close to the budget.</p>	15,857	516
<p>Capital Financing Requirement (CFR) The total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. The year end position reflects the budgeted capital spend during the year. A negative total means that there is no borrowing requirement.</p>	(0.010)	(10.068)
<p>In year borrowing requirement</p>	0	0
<p>Ratio of financing costs to net revenue stream Net expenditure/ (income) from borrowing and investments, as a % of the Council's net revenue. This is negative as the Council is currently receiving a net income from investments.</p>	-0.73	-1.93

FINANCE, AUDIT AND RISK COMMITTEE
17 December 2018

PUBLIC DOCUMENT

TITLE OF REPORT: DRAFT BUDGET 2019/20

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

1. EXECUTIVE SUMMARY

- 1.1 To consider the draft budget for 2019/20 and the main factors which contribute to the determination of the North Hertfordshire District Council (NHDC) Council Tax level. To consider the appropriate level of Council Tax that will be recommended to the meeting of the Council on the 7 February 2019.

2. RECOMMENDATIONS

- 2.1 That Cabinet notes the significant uncertainty around Central Government funding levels in 2019/20 and beyond, and that the estimates provided could be subject to significant change.
- 2.2 That Cabinet notes the estimated position on the Collection Fund and how this will be funded.
- 2.3 That Cabinet confirms that Council Tax increases for 2019/20 should be in line with the Medium Term Financial Strategy.
- 2.4 That Cabinet notes and comments on the inclusion of the savings and investment proposals in the draft budget. To include any additional savings or investments.
- 2.5 That Cabinet notes and comments on the inclusion of the capital investment proposals. To include any additional capital investments.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To ensure that all relevant factors are taken into consideration when arriving at the proposed Council Tax precept for 2019/20.
- 3.2 To ensure that the Cabinet recommends a balanced budget to Council on 7 February 2019.

4. ALTERNATIVE OPTIONS CONSIDERED

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

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

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

6. FORWARD PLAN

- 6.1 This report contains a recommendation on a key decision that was first notified to the public in the Forward Plan on the 12th October 2018.

7. BACKGROUND

- 7.1 The Medium Term Financial Strategy (MTFS), which provides the financial background to the Corporate Business Planning process for 2019-2024, was adopted by Full Council on the 6 September 2018 following recommendation by Cabinet.
- 7.2 The MTFS included a number of assumptions, which will be updated as better information becomes available. The final budget will still contain some assumptions, and this is why monitoring reports are provided to Cabinet on a quarterly basis.

- 7.3 In anticipation of the decline in future funding, the Council has increased the level of general fund reserves. This allows for some cushioning in the delivery of savings.
- 7.4 Significant savings have been delivered in recent years. This means that the opportunity for savings from being more efficient have now generally all been taken. Instead the focus is now on income generation, service transformation, joint working, making best use of capital assets and justifying delivery of services above statutory levels.
- 7.5 The Council's funding is split between revenue (i.e. the day-to-day running costs) and capital (i.e. creating and improving assets). The general rule is that capital funding can not be used for revenue expenditure. However in the 2015 Spending Review, the Chancellor announced the "flexible use of Capital Receipts direction". Subject to certain conditions this allows Local Authorities to use Capital Receipts to fund the revenue costs of reform projects.

8. RELEVANT CONSIDERATIONS

8.1 Central Government funding

- 8.1.1 On the 29 October 2018, the Chancellor made his Budget Statement. The Budget included an update on the current state of public finances and the latest economic forecasts. None of the announcements provided details of specific impacts on the Council's funding.
- 8.1.2 The Provisional Local Government Finance Settlement was due to be announced on 6th December. However on the 5th December it was announced that this would be delayed for an unspecified period due to the ongoing Brexit debates in parliament. It was expected that this would have provided information on:
- The position in relation to negative Revenue Support Grant (RSG) in 2019/20. A consultation earlier in the year had suggested that this would no longer be applied. This would increase the funding available to the Council by around £1m in 2019/20. For the purposes of the estimates below, it is assumed that there will **not** be a negative RSG.
 - Whether Hertfordshire had been successful in its application to form a Business Rates pilot. Whilst it is expected that there will be a benefit from being part of a pilot, it is not intended to build any assumptions in to the budget.
 - Details on changes to New Homes Bonus, including the level of baseline to be applied. For the purposes of the estimates below, it is assumed to be broadly in line with 2018/19 (rounded down from previous estimates). An increase in the level of the baseline would reduce the funding available and if there was a shortfall this will need to be met from reserves.
 - The extent to which Council Tax can be increased without the requirement for a local referendum (see 8.2.5 below).

8.1.3 In any event it was not expected that there would be any announcements about funding from 2020/21 onwards. This means that it continues to be difficult to forecast beyond the next financial year. From 2020/21 it is expected that 75% Business Rates Retention and a new Fair Funding Formula will be introduced. It is also expected that there will be a significant change to New Homes Bonus. Estimates for 2020/21 and beyond are therefore based on:

- The new fair funding formula will build in a reduction equivalent to the amount that the Council was due to lose through the introduction of the negative RSG. In line with previous totals published by the Ministry for Housing, Communities and Local Government (MHCLG) that the Business Rates Baseline and negative RSG will increase by 3% per year.
- That New Homes Bonus will continue at the same level of £1.1m. It is likely that this funding will reduce or be replaced, but there has been no further information on this. If it was completely eliminated then the annual savings target would increase by £1.1m.

8.1.4 Based on the above, this gives the following funding estimates:

Table 1: Estimated Non-specific Funding, excluding Council Tax (All amounts in £000)

2018/19		2019/20	2020/21	2021/22	2022/23
0	Revenue Support Grant	0	-1,103	-1,136	-1,170
2,622	Business Rates Baseline (share of income less tariff)	2,680	2,761	2,844	2,929
2,622	Funding Assessment	2,680	1,658	1,708	1,759
1,264	New Homes Bonus	1,100	1,100	1,100	1,100
3,887	Total non-specific funding, excluding Council Tax	3,780	2,758	2,808	2,859
	Change on previous year	-2.7%	-27.0%	+1.8%	+1.8%

8.1.4 Cabinet is asked in recommendation 2.1 to note the significant uncertainty around Central Government funding levels in 2019/20 and beyond, and that the estimates provided could be subject to significant change.

8.1.5 NHDC also receives grants for specific purposes. These grants are built in to service budgets and have therefore already been taken in to account when determining spend forecasts, so can not be used towards funding the base budget. These grant amounts are often uncertain, and reductions in the amount can result in spending pressures that would need to be met from the General Fund. As these grant announcements tend to take place in January, further details will be provided in the next iteration of this budget report in January.

8.2 Council Tax and Business Rates

8.2.1 NHDC is required to maintain a Collection Fund to account for the income received and costs of collection for Council Tax and Business Rates. Estimates of the net income are made at the start of the year and based on this money is transferred out of the Collection fund to the NHDC General Fund and other precepting bodies. The Fund is required to break even over time and any surplus or deficit is transferred to the NHDC General Fund and other precepting bodies.

8.2.2 The total amount of Council Tax that is collected is dependent on the actual number of properties, eligibility for paying a reduced amount (Council Tax Reduction Scheme) and the success in collecting what is owed. The amount of Business Rates that are collected is dependent on the number and type of business premises in the area, the success in collecting what is owed, eligibility for relief and the number and value of successful appeals. Assumptions on these factors are made in forecasting the level of income from Council Tax and Business Rates in future years.

8.2.3 Current forecasts are that the Business Rates collection fund will have a deficit at the end of the year. This is due to the level of appeals and rate reliefs. NHDC will need to fund its share of the deficit. The section 31 grant that NHDC receives for business rate reliefs and caps will be used for this purpose. It is expected that the Council Tax collection fund will have a small surplus.

8.2.4 **Cabinet is asked in recommendation 2.2 to note the estimated position on the Collection Fund and how this will be funded.**

8.2.5 It is expected that the Provisional Local Government Finance Settlement will confirm that for 2019/20 Local Authorities can raise Council Tax by the greater of 3% or £5 (band D equivalent) without the need for a local referendum. In future years (for 2020/21) onwards it is expected that the limit will return back down to the greater of 2% or £5 (band D equivalent). The Medium Term Financial Strategy (agreed by Council in September) proposed that the Council should increase Council Tax by as much as it is allowed to without triggering a referendum. Therefore a 2.99% increase is used to forecast Council Tax income in 2019/20, with £5 increases in the following years. Table 2 shows the level of Council Tax by year and the forecast level of income to the Council. Cabinet can recommend either a lower or higher rate of Council Tax increase to Full Council. The expected removal of the negative RSG in 2019/20 means that the Council will be able to

provide a contribution in to a funding equalisation reserve, which would be used to cushion the impact of future expected funding reductions. Whilst it could be tempting to increase Council Tax by less than the maximum allowed, this will reduce the Council Tax base for future years and therefore increase the expected funding gap in those years. It is therefore not recommended.

- 8.2.6 The Council is required to produce a Council Tax Base estimate in November for the following year, and this has been used for the 2019/20 forecast. For future years a 1% growth per year is estimated. Based on the above, table 2 provides a forecast of future Council Tax income.

Table 2: Forecasts of Council Tax level and income

2018/19		2019/20	2019/20	2020/21	2021/22
223.45	Band D Council Tax (£)	230.13	235.13	240.13	245.13
2.99%	Increase as a %	2.99%	2.17%	2.12%	2.08%
49,119	Estimated Council Tax Base	49,498	49,993	50,493	50,998
1%	Increase as a %	0.8%	1%	1%	1%
10,976	Council Tax income to NHDC (£000)	11,391	11,755	12,125	12,501

- 8.2.7 It should be noted that this only represents the District Council element of the Council Tax bill for households. Table 3 below shows the constituent elements of the 2018/19 Council Tax bill for a Band D property (excluding any Parish precept).

Table 3: Band D Council Tax 2018/19 (excluding Parish precepts)

	2017/18	Share of bill
	£	
District	223.45	13.1%
County Council	1,224.67	71.7%
County Council- Social Care Precept	95.79	5.6%
Police and Crime Commissioner	164.00	9.6%
Total	1,707.91	

- 8.2.8 Cabinet is asked in recommendation 2.3 to confirm that Council Tax increases for 2019/20 should be in line with the Medium Term Financial Strategy.

8.3 Balances and Reserves

8.3.1 In setting its budget, the Council needs to consider the level of its reserves. This consideration includes specific reserves, provisions and general fund reserves. A full consideration of these will be provided as part of the next iteration of this budget report in January. As detailed in paragraph 8.2.5 it is expected that the Council will be able to make a budgeted contribution to a funding equalisation reserve in 2019/20. This is alongside keeping other reserves and provisions at appropriate levels. Whilst the detailed work has not been carried out, the Chief Finance Officer considers that the forecast General Fund Balance at the end 2019/20 will continue to be significantly above the calculated minimum level.

8.4 Savings and Investment Proposals

8.4.1 The Medium Term Financial Strategy highlighted the need to find at least £700k of savings within 4 years. However this was dependent on future announcements on funding and also finalising estimates (e.g. Council Tax base and inflation estimates). The £700k is a net total, so any proposals for increased spend (e.g. investments) would increase the amount of savings required.

8.4.2 Budget proposals were put forward for discussion at Group workshops in November (appendix A). To give the full context, these proposals included both savings and investment proposals. The comments made by the Groups are included as appendix C. Only specific comments have been provided.

8.4.3 Updates since the workshop are as follows:

- Full Council (22nd November 2018) agreed to an extension of the current 12 month payment period for green waste collection, for a further period of 3 months. The loss of income in 2019/20 based on 52% uptake is approximately £290k.
- Full Council (22nd November 2018) agreed an increase in the budget for opposition group leaders allowances based on the increases in the size of the opposition groups. This is an increase of £1.5k.
- Full Council (22nd November 2018) agreed a new budget of £1.5k to provide honoraria payments for Independent Remuneration Panel members (3 panel members at £500 each).
- The Quarter 2 monitoring report (as reported to this meeting) shows an ongoing reduction in forecast expenditure of £300k per year from 2019/20 onwards.

8.4.4 Cabinet is asked at recommendation 2.4 to note and comment on the inclusion of the savings and investment proposals in the draft budget. To include any additional savings or investments.

8.5 Capital programme and funding

8.5.1 This version of the budget does not include the full capital programme.

8.5.2 The Budget proposals that were put forward for discussion at Group workshops (appendix B) in November also included the full proposed capital programme for 2019/20 onwards. This did not include any capital schemes from 2018/19 that might be reprogrammed in to 2019/20. The comments made by the Groups are included as appendix C.

8.5.3 As referenced in paragraph 7.5, there are generally separate funding sources for Revenue and Capital. Where possible, external funding sources are sought for capital projects (e.g. developer contributions and grants), but the majority of the capital programme is funded from capital reserves. These reserves are made up of set-aside and capital receipts, and totalled £13.3million at the start of 2018/19. Set-aside receipts are the amounts that the Council received from the stock transfer of housing to North Herts Homes. Capital receipts are amounts that the Council receives when it sells surplus assets. By the end of 2018/19 it is expected that total capital reserves will fall to around £7m. Based on the proposed capital programme, the Council will become reliant on generating further capital receipts from the sale of surplus land to fund its capital programme.

8.5.4 Cabinet is asked at recommendation 2.5 to note and comment on the inclusion of the capital investment proposals. To include any additional capital investments.

8.6 Overall summary

8.6.1 Table 4 provides a summary of the forecast General Fund impact of the factors referenced in the previous sections of this report. This shows that based on current forecasts there are still around £600k of cumulative savings still to be identified. Although as referenced previously this amount is likely to increase as a result of changes in future funding.

Table 4: Forecast General Fund Position (All amounts in £000)

	2019/20	2020/21	2021/22	2022/23
Non-specific funding, excluding Council Tax	3,780	2,758	2,808	2,859
Council Tax	11,391	11,755	12,125	12,501
Council Tax Collection Fund accumulated surplus	257	0	0	0
CTR Funding to Parishes	(39)	(24)	(24)	(24)
Total funding	15,426	14,489	14,909	15,336
Net expenditure brought forward	14,549	14,666	14,794	15,037
Latest expenditure and income inflation estimates	398	401	396	385
Savings and investments included within Budget workshop proposals	(361)	(79)	(103)	87
Proposed budget carry-forwards	87	(87)	0	0

Allowance for future investments	0	150	150	150
Decisions from Full Council (22.11.18)	293	(290)	0	0
Qtr 2 Monitoring Report (Cabinet 18.12.18)	(300)	133	0	0
Savings still to be identified	0	(100)	(200)	(300)
Planned contribution to funding equalisation reserve	723	0	0	0
Net funding position	0	305	128	23
General Fund reserve b/f	7,171	7,171	6,866	6,738
General Fund reserve c/f	7,171	6,866	6,738	6,715

9. LEGAL IMPLICATIONS

- 9.1 The Cabinet has a responsibility to keep under review the budget of the Council and any other matter having substantial implications for the financial resources of the Council.
- 9.2 Cabinet's terms of reference include recommending to Council the annual budget, including the capital and revenue budgets and the level of council tax and the council tax base. Council's terms of reference include approving or adopting the budget.
- 9.3 Members are reminded of the duty to set a balanced budget and to maintain a prudent general fund and reserve balances.

10. FINANCIAL IMPLICATIONS

- 10.1 As outlined in the body of the report.

11. RISK IMPLICATIONS

- 11.1 The funding risks are heightened in section 8. As highlighted in paragraph 8.3.1 there will be a full review of the minimum General Fund balance in the next iteration of this budget report in January. The actual level of the General Fund reserve when compared with the minimum level provides a proxy for the level of financial risk that the Council faces, and its ability to deal with changes.

12. EQUALITIES IMPLICATIONS

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

- 12.2 The proposals for efficiencies within this report do not unduly disadvantage one individual group within our local community more than another, although proposals relating to the staff, their terms and conditions or future employment will need to be subject to individual equality analysis in due course, as for any organisational or service restructure.
- 12.4 For any individual proposal comprising either £50k growth or efficiency, or affecting more than two wards, an equality analysis is required to be carried out; this has either taken place or will take place following agreement of efficiencies or growth.

13. SOCIAL VALUE IMPLICATIONS

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

14. HUMAN RESOURCE IMPLICATIONS

- 14.1 A number of efficiency proposals will directly affect staff. It is important that all affected staff are consulted and supported at the earliest opportunity and the Council’s HR policies and procedures are followed.

15. APPENDICES

- 15.1 Appendix A – Revenue Efficiencies and Investment proposals.
Appendix B – Capital Investment proposals.
Appendix C – Notes of November Member Budget Workshops.

16. CONTACT OFFICERS

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17. BACKGROUND PAPERS

- 17.1 Medium Term Financial Strategy 2018-23.

New Efficiency Proposals for 2019/20 and beyond

Ref No	Service Directorate	Description of Proposal	Net Efficiency				
			2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	
E1	Regulatory	Deletion of Membership of Greater Cambridgeshire and Greater Peterborough LEP. The GCGP LEP ceased to operate as of 01 April 2018. The new LEP, known as The Business Board, is Cambridge and Peterborough orientated only.	Expenditure reduction	- 16	- 16	- 16	- 16
			Additional Income	-	-	-	-
			Total	- 16	- 16	- 16	- 16
E2	Regulatory	Removal of funding for Area Wide Parking Reviews in 2019/20. There is a sufficient balance in reserve to enable the works to be undertaken in 2019/20 without the need for this annual provision.	Expenditure reduction	- 65	-	-	-
			Additional Income	-	-	-	-
			Total	- 65	-	-	-
E3	Resources	Ceasing the use of duplicate payment finder software. Additional functionality from the recent upgrade of the Council's main accounting system means that additional software to identify duplicate payments is no longer required.	Expenditure reduction	- 5	- 5	- 5	- 5
			Additional Income	-	-	-	-
			Total	- 5	- 5	- 5	- 5
E4	Resources	Savings on the cost of insurance have materialised following the tender of the Council's insurance arrangements, primarily on our property insurance. We have also decided to no longer insure against loss of revenue for the leisure facilities in the event of them being damaged. We have restricted insuring against terrorism damage to just key buildings rather than the whole of the property portfolio. The public liability excess has also increased from £5,000 to £10,000 per claim, which meant the premium was held at the previous level rather than increasing.	Expenditure reduction	- 48	- 48	- 48	- 48
			Additional Income	-	-	-	-
			Total	- 48	- 48	- 48	- 48
E5	Place	Effective procurement and management of tree maintenance arrangements has facilitated a reduction in the estimated annual provision required to deliver this service without adversely impacting the condition of the trees maintained within the district.	Expenditure reduction	- 10	- 10	- 10	- 10
			Additional Income	-	-	-	-
			Total	- 10	- 10	- 10	- 10
E6	Regulatory	Planning advertising expenditure	Expenditure reduction	- 5	- 5	- 5	- 5
			Additional Income	-	-	-	-
			Total	- 5	- 5	- 5	- 5
E7	Legal & Community	Rolling reduction in area committee grant budgets equivalent to 20% of annual provision	Expenditure reduction	- 10	- 19	- 25	- 31
			Additional Income	-	-	-	-
			Total	- 10	- 19	- 25	- 31
E8	Legal & Community	Removal of budget provision for District Council elections in 2021/22 as no elections scheduled to be held.	Expenditure reduction	-	-	- 89	-
			Additional Income	-	-	-	-
			Total	-	-	- 89	-
E9	All Directorates	Budget scrutiny savings: total of minor savings (each less than £1K in value) identified from the review of existing base budgets.	Expenditure reduction	- 12	- 12	- 12	- 12
			Additional Income	-	-	-	-
			Total	- 12	- 12	- 12	- 12
Total Net Budget Reduction from new efficiency proposals			Total Expenditure reduction	- 171	- 115	- 210	- 127
			Total Additional Income	-	-	-	-
			Total Efficiencies	- 171	- 115	- 210	- 127

New Revenue Pressures and Investment Proposals

Ref No	Service Directorate	Description of Proposal	Investment				
			2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	
R1	Regulatory	Local Plan 2011-2031- Current discussions with the Inspector lead officers to believe that it should be possible to achieve a recommendation to adopt within 2018/19 subject to decisions of the Council. As such, this bid focuses on the work that will need to be undertaken post-adoption such as the review of strategies and the undertaking of studies. This bid maybe subject to change following the Inspectors interim report.	Additional Expenditure	150	-	-	-
			Income Reduction	-	-	-	-
			Total	150	-	-	-
R2	Regulatory	Retention of the 2018/19 parking tariff structure for 2019/20, including freezing prices for car park season tickets and residents parking permits.	Additional Expenditure	-	-	-	-
			Income Reduction	100	100	100	100
			Total	100	100	100	100

R3	Resources	Removal of earmarked efficiency from launch of NHDC Lottery (PE6 below)- Planned efficiency values were based on the experience of the first year of the Vale Lottery. A further assessment of the options for delivering a NHDC lottery was subsequently undertaken by officers. Officers concluded that in the absence of a major driver for demand, such as the lottery being a means of supporting a local hospital, a lottery would most likely absorb significant officer resource for a relatively minor return.	Additional Expenditure	-	-	-	-
			Income Reduction	50	65	65	65
			Total	50	65	65	65
R4	Legal & Community	Removal of earmarked efficiency from replacement of area committees with a more informal alternative (PE4 below)	Additional Expenditure	50	50	50	50
			Income Reduction	-	-	-	-
			Total	50	50	50	50
R5	Regulatory	Removal of earmarked efficiency from the review of the Council's Parking Strategy (CBP 2017/18).	Additional Expenditure	-	-	-	-
			Income Reduction	100	100	100	100
			Total	100	100	100	100
R6	Regulatory	Review of Social Housing stock- On a four yearly basis, procure consultants to analyse the condition of housing stock in North Herts and/or support activity on measures aimed at resultant findings/current priorities (e.g. helping residents introduce energy efficiency measures).	Additional Expenditure	-	20	-	-
			Income Reduction	-	-	-	-
			Total	-	20	-	-
R7	Regulatory	Local housing market analysis- Appoint consultant biannually to provide information and analysis on the local housing market in order to inform the development of housing policies and strategies.	Additional Expenditure	-	8	-	8
			Income Reduction	-	-	-	-
			Total	-	8	-	8
R8	Resources	Payroll contract- One year extension of current Payroll Contract to the end of March 2020, as per published delegated decision notice 26/08/2018. Due to this annual contract price increase, a new contract will be procured and commence from 2020/21.	Additional Expenditure	12	12	12	12
			Income Reduction	-	-	-	-
			Total	12	12	12	12
			Total Additional Expenditure	212	90	62	70
			Total Income Reduction	250	265	265	265
			Total Investments	462	355	327	335

Efficiencies earmarked in 2019/20 (and/or beyond) resulting from previous decisions

	Service Directorate	Description of Proposal	Efficiency				
			2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	
PE1	Customers	Restructure of Revenues team. The use of technology means that the service can absorb these changes with no impact on service delivery.	Expenditure reduction	- 6	- 12	- 12	- 12
			Additional Income	-	-	-	-
			Total	- 6	- 12	- 12	- 12
PE2	Resources	Reduction in the number of audit days delivered by the Shared Internal Audit Service. Proposed to reduce from 400 days in 2017/18 to 360 days in 2018/19, 320 days in 2019/20 and 300 days from 2020/21 onwards. External Audit no longer place reliance on the work of Internal Audit in respect of key financial systems, hence the substantive testing element of this work is no longer required. The Council generally have good controls and therefore there is scope to reduce the time spent on service audits and still retain capacity to target any identified risk areas. The Audit Manager has advised that at 300 days, SIAS would still expect to be able to provide their annual assurance.	Expenditure reduction	- 10	- 15	- 15	- 15
			Additional Income	-	-	-	-
			Total	- 10	- 15	- 15	- 15
PE3	Resources	Centralisation of property repairs and maintenance budgets. Centralisation of these budgets will facilitate more effective planning and prioritisation of maintenance work.	Expenditure reduction	- 20	- 20	- 20	- 20
			Additional Income	-	-	-	-
			Total	- 20	- 20	- 20	- 20
PE4	Legal & Community	Replace area committees with a more informal alternative. The amount of saving of the direct administration cost of supporting Area Committees could be in the region of £50k, but would be dependent on the format and frequency of any alternative.	Expenditure reduction	- 50	- 50	- 50	- 50
			Additional Income	-	-	-	-
			Total	- 50	- 50	- 50	- 50
PE5	Place	Provision of a Crematorium at Wilbury Hills. Delivery of the crematorium and any revenue efficiency is dependent on a successful planning application. The estimated efficiency value is based on the proposed terms of the lease, with NHDC receiving an annual base rent of £10k (indexed annually by RPI) plus a percentage (up to a maximum of 10%) of the turnover generated from the Crematorium. The eligible percentage of turnover would be linked to the number of cremations that take place over a 12 month period.	Expenditure reduction	-	-	-	-
			Additional Income	-	50	100	100
			Total	-	50	100	100
PE6	Resources	The launch of an NHDC Lottery. Efficiency values are based on activity generated by the Aylesbury Vale lottery and assume 60% of the value of the tickets sold at £1 can be directed to fund activities in the NHDC area. Revenue generated could therefore be used to fund area grant awards.	Expenditure reduction	-	-	-	-
			Additional Income	-	50	65	65
			Total	-	50	65	65

PE7	Place	Reduction in cost for waste collection and street cleansing arising from the retendering of the service. Increase in efficiency from 2019/20 due to expectation of full year saving (contract commenced May 2018) and removal of initial one-off costs associated with the new contract.	Expenditure reduction	-	203	-	203	-	203	-	203
			Additional Income	-	-	-	-	-	-		
			Total	-	203	-	203	-	203	-	203
PE8	Place	The expected net impact of introducing garden waste charging, at £40 with a 26% take-up. Efficiency anticipated to be greater after year 1 following removal of initial one-off costs and early bird discount.	Expenditure reduction	-	-	-	-	-	-	-	-
			Additional Income	-	131	-	131	-	131	-	131
			Total	-	131	-	131	-	131	-	131
PE9	Place	Savings in staffing costs anticipated from year 2 of the contract from a joint waste client team with East Herts Council.	Expenditure reduction	-	60	-	60	-	60	-	60
			Additional Income	-	-	-	-	-	-		
			Total	-	60	-	60	-	60	-	60
PE10	Legal & Community	Cease MOU and contractual payments to identified Community Groups. Phased reduction in payments to Town Centre Partnerships: Baldock (ceasing March 2021) Reduction over a 3 year term from 2017/18 (ceasing March 2020): Hitchin British Schools Museum, North Herts Arts Council, Sports North Herts and Stevenage & North Herts Womens Resource Centre	Expenditure reduction	-	9	-	18	-	20	-	20
			Additional Income	-	-	-	-	-	-		
			Total	-	9	-	18	-	20	-	20

Total Net Budget Reduction from earmarked efficiencies			Total Expenditure reduction	-	358	-	378	-	380	-	380
			Total Additional Income	-	181	-	246	-	296	-	296
			Total Efficiencies	-	539	-	624	-	676	-	676

Savings incorporated since 2018/19 Budget approved by Council in February 2018

Report	Service Directorate	Description of Saving	Saving				
			2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	
Q3 2017/18	Commercialisation	Increase in rental income following rent review (included within ongoing impact total relating to 'other minor balances' of Q3 2017/18 report)	Expenditure reduction	-	-	-	-
			Additional Income	-	5	-	5
			Total	-	5	-	5
Council 10.4.2018	Legal & Community	Council resolution that the adopted member allowances scheme for 2017/18 remain in place without amendment for the 2018/19 year reduces the anticipated cost in future years.	Expenditure reduction	-	7	-	7
			Additional Income	-	-	-	-
			Total	-	7	-	7
Q1 2018/19	Place	The original estimate was based on the results of the public consultation, which indicated a 26% take up. The service has however been more popular than the consultation suggested, with currently over 50% of households registered for the service.	Expenditure reduction	-	-	-	-
			Additional Income	-	235	-	235
			Total	-	235	-	235
Q2 2018/19	All Directorates	The original staff salary cost estimate for 2018/19 was based on assumption of pay award of 3% for all pay grades. Negotiated pay offers resulted in salary increases ranging from 2% for middle to higher salary grades to 9% at the lowest pay point.	Expenditure reduction	-	85	-	85
			Additional Income	-	-	-	-
			Total	-	85	-	85
Q2 2018/19	Chief Executive	Interest on mortgage payments. The final outstanding Housing Association mortgage was redeemed early so the Council no longer has any outstanding mortgages. Saving value included in 'other minor variances' ongoing impact total in Q2 report.	Expenditure reduction	-	7	-	7
			Additional Income	-	-	-	-
			Total	-	7	-	7
Q2 2018/19	Chief Executive	Increase in anticipated level of investment interest income due to the reprofiling of the Capital Programme increasing cash balances available for investment.	Expenditure reduction	-	-	-	-
			Additional Income	-	133	-	-
			Total	-	133	-	-
Q2 2018/19	Chief Executive	Saving on anticipated cost of External Audit, based on Public Sector Audit Appointments published scale of fees. Saving value included within other minor variances ongoing impact total in Q2 report.	Expenditure reduction	-	6	-	6
			Additional Income	-	-	-	-
			Total	-	6	-	6
Q2 2018/19	Customers	Photocopying costs. The temporary relocation to Town Lodge prompted a reduction in the total number of MFD machines, with three less in operation. This reduction was then made permanent when the lease contract was renewed prior to the return to DCO. This has resulted in lower rental costs, print charges and paper costs.	Expenditure reduction	-	18	-	18
			Additional Income	-	-	-	-
			Total	-	18	-	18
			Expenditure reduction	-	8	-	8

Q2 2018/19	Customers	Stationery expenditure. Centralisation of stationery stock management and procurement has facilitated a further reduction in resource required (included within other minor variances ongoing impact total in Q2 report).	Additional Income	-	-	-	-
			Total	-	8	-	8
Q2 2018/19	Customers	Court summons fees. With effect from 20th July 2018, the fee charged by Magistrates Courts for the issue of a liability order was reduced from £3.00 to £0.50. Annual saving value based on recent levels of activity and was included within other minor variances ongoing impact total in Q2 report.	Expenditure reduction	-	10	-	10
			Additional Income	-	-	-	-
			Total	-	10	-	10
Q2 2018/19	Customers	Document Imaging contract. The prevalence of electronic invoicing and the transfer of the building control function to the trading company have contributed to a reduction in the volume of documents sent for scanning. Saving value included within other minor variances ongoing impact total in Q2 report.	Expenditure reduction	-	9	-	9
			Additional Income	-	-	-	-
			Total	-	9	-	9
Q2 2018/19	Resources	Energy management arrangements. The Council no longer pays a fixed amount to a service provider to check energy bills received and flag any potential variances in amounts billed / energy consumed. The Council appointed a new contractor to be responsible for all aspects of energy procurement and billing, with the fee charged to the Council built into the price per unit of energy. Saving value included within other minor variances ongoing impact total in Q2 report.	Expenditure reduction	-	5	-	5
			Additional Income	-	-	-	-
			Total	-	5	-	5
Q2 2018/19	Place	Garden Waste Collection. Net income from additional households registering for the service during quarter 2.	Expenditure reduction	-	-	-	-
			Additional Income	-	61	-	61
			Total	-	61	-	61

Total Savings incorporated since 2018/19 budget agreed in February 2018			Total Expenditure reduction	-	155	-	155	-	155	-	155
			Total Additional Income	-	434	-	301	-	301	-	301
			Total Efficiencies	-	589	-	456	-	456	-	456

Budget Pressures incorporated since 2018/19 Budget approved by Council in February 2018

Report	Service Directorate	Description of Pressure	Pressure				
			2019/20	2020/21	2021/22	2022/23	
			£'000	£'000	£'000	£'000	
Outturn 2017/18	Resources	Removal of Income expectation from Herts CCTV Company. Anticipated income had been based on the original estimates prepared when the CCTV company was formed.	Additional Expenditure	-	-	-	-
			Income Reduction	39	39	39	39
			Total	39	39	39	39
Outturn 2017/18	Customers	Council Tax Summons Income. The increasing proportion of households paying their Council Tax by direct debit has contributed to reducing the numbers of people taken to court over non-payment. Waiting times for court dates have also increased, which has extended the period available to pay the outstanding sum prior to the court summons being issued.	Additional Expenditure	-	-	-	-
			Income Reduction	35	35	35	35
			Total	35	35	35	35
Outturn 2017/18	Customers	NNDR Court Summons Income	Additional Expenditure	-	-	-	-
			Income Reduction	11	11	11	11
			Total	11	11	11	11
Q1 2018/19	Place	Processing of comingled recyclates. China's decision to ban the import of certain categories of recycled materials from the start of the calendar year has ultimately led to a significant decline in the sale value of these materials. A fall in sale prices directly increases the processing unit cost charged to NHDC.	Additional Expenditure	130	130	130	130
			Income Reduction	-	-	-	-
			Total	130	130	130	130
Q1 2018/19	Customers	Government Grant Income. Notification received from Central Government of reductions to Housing Benefit administration grant (£29,300 reduction from 2017/18) and Council Tax administration grant (£9,600 reduction from 2017/18).	Additional Expenditure	-	-	-	-
			Income Reduction	39	39	39	39
			Total	39	39	39	39
Q3 2017/18 Outturn 17/18 Q1 2018/19	Various	Total net ongoing impact of minor variances reported in quarterly monitoring reports to Cabinet since original budget was approved in February 2018. Q3 2017/18 = £2k, Q1 2018/19 = £11k	Additional Expenditure	13	13	13	13
			Income Reduction	-	-	-	-
			Total	13	13	13	13
Q1 2018/19	Commercialisation	Recruitment of two additional officers to the Commercial Support Team within the Commercialisation Service Directorate. The new posts will lead on the development of a housing investment company and explore new commercial opportunities, while also mapping out, supporting and developing internal services to increase commercial capacity. It is estimated that additional annual resource up to a maximum of £125k is required to meet the cost of the new positions; with maximum additional expenditure in 2018/19 of half	Additional Expenditure	-	62	125	125
			Income Reduction	-	-	-	-

		this amount (£62.5k) should the recruitment process be successful. The Council's Senior Management Team recommended that the cost of the first two years of these posts should be funded from the Special reserve.	Total	-	62	125	125
Council 22.11.2018	Place	Waste Collection Service in North Hertfordshire. In recognition of the service received since the start of the new waste contract, which has not been of the standard we expect, the Council agrees an extension of the current 12 month payment period for green waste collection, for a further period of 3 months.	Additional Expenditure	-	-	-	-
			Income Reduction	290	-	-	-
			Total	290	-	-	-
Council 22.11.2018	Chief Executive	Member Allowances Scheme 2019/20. An additional amount (£1,500) required to cover the payments to the Opposition and Third Party Leaders to cover their increased membership. Honoraria for three panel members at £500 each per year, for any year that a Panel reviews and prepares a report on Members' Allowances.	Additional Expenditure	3	3	3	3
			Income Reduction	-	-	-	-
			Total	3	3	3	3
Q2 2018/19	Customers	Land charges income. The response to building control related elements of personal searches, previously provided by NHDC, is now undertaken by Hertfordshire Building Control.	Additional Expenditure	-	-	-	-
			Income Reduction	10	10	10	10
			Total	10	10	10	10
Q2 2018/19	All Directorates	The national business rates revaluation in April 2017 resulted in significant increases to the rateable values of some of the Council's assets. Where this occurred, the authority was eligible for transitional relief, which allows the increase in rates to the higher value to be incremental over five years.	Additional Expenditure	32	32	32	32
			Income Reduction	-	-	-	-
			Total	32	32	32	32

Total Net Budget Increase	Total Additional Expenditure	178	240	303	303
	Total Income Reduction	424	134	134	134
	Total Pressures Arising	602	374	437	437

Previously agreed changes, including updates to amounts

Proposed revised amounts in yellow

Reference	Service Directorate	Description	Pressure / Saving				
			2019/20	2020/21	2021/22	2022/23	
			£'000	£'000	£'000	£'000	
CBP 15/16 & CBP 16/17	Regulatory	Removal of Planning Services investment bids approved in prior years. 2015/16 CBP - Master-Planning of sites costs (part of the delivery of the Local Plan). £50k was earmarked in 2017/18 and £50k in 2018/19 (only). 2016/17 CBP - Local Plan costs - Following the Preferred Options consultation in 2015 additional work was identified as required before publication of the submission documentation. In addition the 2015 Central Bedfordshire examination identified that the current IT system did not meet the necessary legal tests. £120k earmarked in 2017/18 and £110k earmarked in 2018/19 (only).	Expenditure Impact	- 160	- 160	- 160	- 160
			Income Impact	-	-	-	-
			Total	- 160	- 160	- 160	- 160
CBP 2017/18	Customers	The original efficiency proposal, relating to the staffing restructure of the Systems & Technical Team, estimated that the saving would reduce from 2019/20 due to the requirement to renew GovTech Online Forms software.	Expenditure Impact	15	15	15	15
			Income Impact	-	-	-	-
			Total	15	15	15	15
-	Chief Executive	Reduction in annual interest payments relating to outstanding loans with Public Works Loans Board. The annual interest payments reduce as the loan principal is repaid. UPDATE CBP 2019/20: Estimates updated and extended to 2022/23	Expenditure Impact	-	1	2	3
			Income Impact	-	-	-	-
			Total	-	1	2	3
Council 31st August 2017	Chief Executive	Annual interest (fixed at 3.5%) receivable from NHDC loan to SLL for purchase of gym and fitness equipment at Hitchin and Royston Leisure Centres, approved by Council in August 2017, decreases as the loan principal is repaid. UPDATE CBP 2019/20: Interest income estimate extended to 2022/23	Expenditure Impact	-	-	-	-
			Income Impact	3	6	10	14
			Total	3	6	10	14
-	Chief Executive	District Wide Survey (estimated cost £16k) and Citizens' Panel (estimated cost £8k) take place in alternate years. UPDATE CBP 2019/20: Estimates include cost of District Wide Survey in 2021/22	Expenditure Impact	8	-	8	-
			Income Impact	-	-	-	-
			Total	8	-	8	-

Total Net Budget Impact	Total Expenditure Impact	- 137	- 146	- 139	- 148
	Total Income Impact	3	6	10	14
	Total Budget Impact	- 134	- 140	- 129	- 134

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CAPITAL INVESTMENT PROPOSALS- CONFIDENTIAL

Ref No	Service	Responsible Service Director	Description of Proposal	Corporate Priority	Total Project Investment 2019/20 onwards	Total Anticipated Funding from Grants or Other Contributions	Proposed Investment in 2019/20	Proposed Investment in 2020/21	Proposed Investment in 2021/22	Proposed Investment in 2022/23	Proposed Investment in 2023/24	Revenue Implication	Anticipated Impact of Proposal (on Public/ Customers/ Staff/ Members/ Reputation/Revenue Budget etc)
					£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Projects and / or values highlighted in yellow indicate new proposals or proposed revision(s) to existing proposals. Revision to existing proposals are clarified in the accompanying commentary.													
Invest To Save Proposals													
ECP3	Estates	Service Director - Resources	Provide housing at market rents.	Prosper & Protect	150	-	150	0	0	0	0	tbc	This project follows on from the revenue investment proposal that explores the feasibility. This is an "invest to earn" proposal to utilise NHDC capital and land to generate revenue income. Under this scheme, the land and properties would remain in NHDC ownership. Phase 1 (as dealt with by the revenue investment bid): form investment mechanism to own houses built for market rent. Phase 2: identify appropriate partnership model to achieve build and/or purchase. Phase 3: contract with a property management company. Phase 4: acquire/build properties. Phase 5 (beyond scope of this bid): identify other sites where this model could be applied. Planned investment in 2018/19 of £2.850million.
Sub-Total: Invest to Save:					150	-	150	-	-	-	-	-	
Other Asset Management													
ECP4	Property Services	Service Director - Resources	Council property improvements following condition surveys	Attractive & Thriving	765	-	255	255	255	0	0	0	Condition surveys have been carried out on a substantial number of the Authority's premises (substantially consists of Community Centres and Pavilions). This bid relates to 29 of those premises which are not currently subject to separate plans or review. The surveys have identified necessary works within priority bands required to ensure the continued use of the premises and to maintain premises in a reasonable condition. Enhancement works of this nature will reduce reliance on reactive maintenance repairs. The level of 'backlog' maintenance is also proposed as a national performance indicator by Central Government. An amount of £150k was approved to undertake the urgent works in 2014/15, based upon surveys carried out to date. In following years a full 5 year programme will be applied, based upon completed condition surveys or the whole estate. this is complementary to the Community Halls strategy (CHS), although covers a larger number of properties than those subject to CHS, i.e., it puts in place funds to allow works to be done that may assist in progressing that strategy (e.g. full repairing/partial repair leases). UPDATE CBP 2019/20: To help ensure that this project can be delivered in the timeframe estimated within the Capital Programme, it is requested that the £775k resource, originally earmarked entirely in 2019/20, instead be allotted over the next three years with an annual capital allocation of £255k (revised total investment of £765k).
Sub-Total: Other Asset Management					765	-	255	255	255	-	-	-	
Grants to Third Parties													
ECP1	Housing Services	Service Director - Regulatory	Private Sector Grants	Responsive & Efficient	240	-	60	60	60	60	60	0	HRAGs are a discretionary form of assistance specifically designed to provide practical help through a grant for small-scale works. This grant provides cash limited assistance up to £5K within any three-year period, for minor works for owner / occupiers and private tenants who meet certain criteria. HRAGs are means tested and help to eradicate CAT1 Hazards, such as excess cold. In February 2015 Council approved an increase in the level of funding from £35k to £60k per annum for 2015/6 and future years. UPDATE 2019/20 CBP: Investment proposed to be extended to 2023/24
ECP5	Estates	Service Director - Resources	Refurbishment and improvement of community facilities	Responsive & Efficient	370	-	250	120	0	0	0	0	To provide a five year fund from 2016/17 towards the refurbishment and improvement of community facilities in both rural and urban areas of North Hertfordshire. £165k spend in 2017/18 and planned spend of £671k in 2018/19 means a total capital allocation of £1.206m
Sub-Total: Grants to Third Parties					610	-	310	180	60	60	60	-	

CAPITAL INVESTMENT PROPOSALS- CONFIDENTIAL

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					£'000	£'000	£'000	£'000	£'000	£'000	£'000		
Parking Related Proposals													
ECP6	Property Services	Service Director - Resources	Lairage Multi-Storey Car Par - Structural wall repairs	Attractive & Thriving	120	-	120	0	0	0	0	0	Works to preserve this income generating asset in usable condition. Works necessary to protect surface following experience at Letchworth multi-storey.
Sub-Total: Parking					120	-	120	-	-	-	-	-	
Community and Cultural Related Proposals													
NCP1	Hitchin Town Hall Community Facility	Service Director - Commercialisation	Hitchin Town Hall Acoustic Panelling	Prosper & Protect	30	-	30	0	0	0	0	0	There has been heavy criticism in local publications over the sound quality and acoustics at Hitchin Town Hall. A sound engineer has been brought in to advise on the cost of introducing some tasteful acoustic panelling, which would allow the hall to become a much more appropriate venue for spoken word events.
NCP2	Hitchin Town Hall Community Facility	Service Director - Commercialisation	Additional Bar Facility at Hitchin Town Hall	Prosper & Protect	15	-	15	0	0	0	0	0	Hitchin Town Hall can host up to 350 people in its main hall. The bar area however is very small and only has two fridges. Service can therefore be slow during busy events, with the lack of fridge space meaning drinks are often not chilled due to the high rate of turnover. Whilst the turnover of stock in the fridges is high, this is only in the context of the fridge space available. It is highly likely that a faster service and more adequate chilling of the products should result in higher sales. If the Council invested in a second bar on the other side of the hall, additional till systems and more fridge space, there is every likelihood that a higher return could be achieved. Although two bars will require more staff, it is expected that any increased outlay on staff would be offset by the return of higher income at the bars. If we wish to position the venue as a go-to live entertainment venue then this sort of investment is necessary.
NCP3	Hitchin Town Hall Community Facility	Service Director - Commercialisation	Hitchin Town Hall Sprung Floor Replacement	Prosper & Protect	75	-	75	0	0	0	0	0	It has been reported to the Council that the Floor Boards of the Sprung Floor in the Mountford Hall at Hitchin Town Hall is coming to the end of its life. The sprung floor is one of very few in the local area and is a selling point of the Town Hall (which is grade ii listed). In the meantime, we can attempt to prolong the life of the flooring through replacing boards as and when they are damaged and through regular waxing we can create a protective layer. However this will incur increased operational expenses and it is not clear how long this will extend the life of the floor boards for. Additional investigations are hoped to be carried out this financial year to gain a clearer understanding of the remaining lifespan for the current floor boards.
Sub-Total: Community and Cultural					120	-	120	-	-	-	-	-	
Leisure Related Proposals													
NCP4	Leisure Facilities	Service Director - Place	Hitchin and Letchworth Outdoor Pool Automatic Chemical Dosing Pumps	Attractive & Thriving	20	-	20	0	0	0	0	0	Introducing the automatic dosing system at the outdoor pools will ensure the same pool water control mechanisms as in operation at the indoor swimming pools.

CAPITAL INVESTMENT PROPOSALS- CONFIDENTIAL

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					£'000	£'000	£'000	£'000	£'000	£'000	£'000		
NCP5	Leisure Facilities	Service Director - Place	Leisure Condition Survey Enhancements	Attractive & Thriving	126	-	64	23	0	39	140	0	A physical condition survey has been carried out at all four leisure facilities. The survey identified all works that are needed and/ or will become necessary over the next five financial years.
ECP29	Leisure Facilities	Service Director - Place	Royston Leisure Centre extension	Attractive & Thriving	-	-	0	0	0	0	1,000	0	To extend the front of the Royston Leisure Centre. This will provide a new multi functional room and increase the size of the fitness room. The gym membership at Royston Leisure Centre is close to capacity and a recent latent demand survey demonstrated there is a demand to increase the size of this facility. By undertaking the capital work the Council will renegotiate the Leisure Management contract and SLL will increase their management fee to the Council. UPDATE 2019/20 CBP: Proposed to earmark this investment in 2023/24.
Sub-Total: Leisure					146	-	84	23	-	39	1,140	-	
Green Space Strategy - Baldock													
ECP22	Parks & Countryside Development	Service Director - Place	Replace items of play equipment Holroyd Cres, Baldock	Responsive & Efficient	10	-	0	10	0	0	0	0	Listed as a project for 2020/21 in the Council's adopted Green Space Management Strategy 2017 - 2021. Holroyd Cres is a large play area serving a large housing development. Some items of equipment have been identified as nearing end of life and in need of replacement.
Sub-Total: Green Space Strategy - Baldock:					10	-	-	10	-	-	-	-	
Green Space Strategy - Hitchin													
ECP47	Parks & Countryside Development	Service Director - Place	Renovate play area King George V Recreation Ground, Hitchin	Responsive & Efficient	75	-	75	0	0	0	0	0	Listed as a project for 2019/20 in the Council's adopted Green Space Management Strategy 2017 - 2021. The play area King George V Recreation Ground is one of the main neighbourhood play areas in Hitchin, serving a large housing estate. The play area is in need of refurbishment.
ECP25	Parks & Countryside Development	Service Director - Place	Walsworth Common Pavilion - contribution to scheme	Attractive & Thriving	300	287	0	300	0	0	0	0	This project was originally listed as a project for 2016/17 in the Council's adopted Green Space Management Strategy 2014 - 2019. The project was slipped into 2017/18 pending the outcome of the Green Space Strategy review. Following the review, this project is now earmarked for 2020/21 in the Council's adopted Green Space Management Strategy 2017 - 2021. The project is dependent on securing section 106 contributions and/or external grants. In the review, the pavilion was identified as being beyond economic repair.
Sub-Total: Green Space Strategy - Hitchin:					375	287	75	300	-	-	-	-	
Green Space Strategy - Letchworth													
ECP15	Parks & Countryside Development	Service Director - Place	Replace items of play equipment Wilbury Recreation Ground, Letchworth	Responsive & Efficient	10	-	10	0	0	0	0	0	Listed as a project for 2019/20 in the Council's adopted Green Space Management Strategy 2017 - 2021. The recreation ground has a good catchment area with a range of equipment for all ages. Some items of equipment are however nearing end of life and in need of replacement.
ECP21	Parks & Countryside Development	Service Director - Place	Renovate play area Howard Park, Letchworth	Responsive & Efficient	75	-	0	75	0	0	0	0	Listed as a project for 2020/21 in the Council's adopted Green Space Management Strategy 2017 - 2021. Situated in a town centre location, the high level of usage causes wear on equipment.
Sub-Total: Green Space Strategy - Letchworth:					85	-	10	75	-	-	-	-	
IT Schemes:													

CAPITAL INVESTMENT PROPOSALS- CONFIDENTIAL

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					£'000	£'000	£'000	£'000	£'000	£'000	£'000		
ECP20	IT	Service Director - Customers	Core Backbone Switch	Responsive & Efficient	20	-	20	0	0	0	0	0	Dual processor switch, which links the virtual servers to the SAN.
ECP2	IT	Service Director - Customers	PC's - Refresh Programme	Responsive & Efficient	51	-	17	17	17	0	0	0	PC's identified as having reached their end of useful life as part of the annual refresh programme. The assets have been used well past their original end of life because of the introduction of the citrix thin client technology.
ECP9	IT	Service Director - Customers	Tablets - Android Devices	Responsive & Efficient	41	-	14	12	15	0	0	0	As part of the IT Strategy and supporting the channel migration programme, the tablets are required to continue the roll-out to identified officers who would benefit from having mobile devices to be more efficient and productive. It is becoming increasingly important for those staff who are mobile working that they have the correct tools to view emails and documents whilst on the move. UPDATE CBP 2019/20: To facilitate paperless Committee Meetings, it is requested that existing provision of £8k in each of the next three financial years be increased to £14k in 2019/20, £12K in 2020/2021 and £15K in 2021/2022.
ECP28	IT	Service Director - Customers	Security - Firewalls	Responsive & Efficient	14	-	0	0	14	0	0	0	Firewalls are one of the most important pieces of hardware between the NHDC Network and the outside world and it is this equipment that stops cyber attacks from penetrating NHDC systems and data. There is a need to ensure this hardware is kept as current and up to date as possible to ensure the Council's networks and data are kept secure.
ECP2	IT	Service Director - Customers	Cabinet Switches - 4 Floors	Responsive & Efficient	18	-	0	0	18	0	0	0	This hardware connects each floor across the DCO to each other and back to the IT Data Centre on the ground floor. This hardware is the essential piece of kit that routes the traffic from desktops to the data servers and hence keeping this technology up to date and modern is essential to ensure data speeds are maintained.
ECP10	IT	Service Director - Customers	Dell Servers	Responsive & Efficient	65	-	65	0	0	0	0	0	In 2015/16 the authority upgraded the Server Estate with 10 Physical high level Dell Servers which have 179 virtual servers running within them. The hardware has a 5 year shelf life before coming unsupported.
ECP11	IT	Service Director - Customers	New Blade Enclosure	Responsive & Efficient	32	-	32	0	0	0	0	0	The Blades are an integral part of the Servers and go hand in hand. These formed part of the hardware refresh programme in 2015/16 and have a shelf life of 5 years.
ECP12	IT	Service Director - Customers	Replacement SAN	Responsive & Efficient	110	-	110	0	0	0	0	0	The Storage Area Network (SAN) is used to compliment the data storage and backups across the infrastructure estate. These are a critical element of the data infrastructure network as they also move the data traffic around the servers. The authority replaced the current SAN in 2015/16 and the life of this hardware is 5 years.
ECP13	IT	Service Director - Customers	Back-up Diesel 40 KVA Generator (DCO)	Responsive & Efficient	20	-	20	0	0	0	0	0	As part of Business Continuity and improving services, the authority purchased a Diesel Generator in 2015/16. The operation life of this hardware is 5 years.
ECP16	IT	Service Director - Customers	40 KVA UPS Device or Battery Replacement	Responsive & Efficient	7	-	7	0	0	0	0	0	The operation life of the batteries within the UPS Systems is 3 years and they need to be replaced. The authority has got 3 40 KVA UPS Systems which have varying battery sizes installed.

Page 108

CAPITAL INVESTMENT PROPOSALS- CONFIDENTIAL

Ref No	Service	Responsible Service Director	Description of Proposal	Corporate Priority	Total Project Investment 2019/20 onwards	Total Anticipated Funding from Grants or Other Contributions	Proposed Investment in 2019/20	Proposed Investment in 2020/21	Proposed Investment in 2021/22	Proposed Investment in 2022/23	Proposed Investment in 2023/24	Revenue Implication	Anticipated Impact of Proposal (on Public/ Customers/ Staff/ Members/ Reputation/Revenue Budget etc)
					£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
ECP17	IT	Service Director - Customers	Additional PC's - Support Home Working/OAP	Responsive & Efficient	13	-	13	0	0	0	0	0	The authority has a large PC/Monitor estate which as part of the ICT Service Plan annual requires refreshing. In recent years Microsoft stopped supporting Windows XP and we are soon to be given notice of de-support on Windows 7.
ECP26	IT	Service Director - Customers	Laptops - Refresh Programme	Responsive & Efficient	6	-	0	6	0	0	0	0	Over the past 3 years IT have reduced the laptop estate from 149 devices down to only having 48 still in use. The small budget provision is to ensure we have funds to replace these devices when Windows 7 becomes de-supported or they have reached their end of life as part of the refresh programme.
ECP7	IT	Service Director - Customers	Additional Storage	Responsive & Efficient	13	-	13	0	0	0	0	0	As part of the day to day collection and storage of data within the Information@Works (I@W) which is the Corporate Document Management solution, the amount of data that is being scanned and captured via the Doc's on-line contract provided by Northgate is increasing by the day. There has been a huge push over the past year to work towards enabling every department to have access to I@W as this compliments Home Working.
ECP8	IT	Service Director - Customers	Disaster Recovery Set-up	Responsive & Efficient	25	-	25	0	0	0	0	0	Back in late 2016 NHDC launched its own Disaster Recovery Data Centre and this budget is requested to ensure we keep the hardware and security up to date to ensure it is fit for purpose and secure from cyber attacks.
ECP11	IT	Service Director - Customers	Alternative to safeword tokens for staff/members working remotely	Responsive & Efficient	8	-	8	0	0	0	0	0	The technology has changed considerably since we first starting using the Safeword Tokens 7-8 years ago. With the changes in personal technology such as Smart/IOS Phones there are now products on the market that are PSN approved for getting Access Keys delivered for 2 Layer Authentication such as Texts or App's on Smart Phones etc. This enables Members, Staff and Support Agencies to gain access to the remote login site from anywhere with no need to have a physical hardware device to hand
ECP19	IT	Service Director - Customers	Microsoft Enterprise Agreement	Responsive & Efficient	808	-	358	0	0	450	0	0	NHDC entered into a 3 year Contract for the use of Microsoft Licences for which 2018/19 represents year 3 of 3. There is the option within the contract to extend by a further 2 years. It is essential NHDC has the correct Microsoft Licences to ensure we do not fall foul of F.A.S.T (Fraud Against Software Threat) regulations. UPDATE CBP 2019/20 : The option of extending the original 3 year contract by two years is no longer available. Microsoft are offering authorities, including NHDC, where their contract expires early next year, an early commitment price of £112k per annum in year 1 (£123k per annum in years 2 and 3), which includes all licences required to ensure there is no breach of any F.A.S.T rules. The new three year contract will still start from 1st April 2019. It is therefore requested that the capital provision in 2019/20 by increased by £158k to a total of £358k and that the original £450k capital allocation in 2021/22 now be earmarked in 2022/23.
ECP23	IT	Service Director - Customers	Email / Web Gateway with SPAM Filtering Software Solution - Licence 3 Year Contract	Responsive & Efficient	39	-	0	39	0	0	0	0	Replacement of the current Cygnia Web Filtering (Bloxx) Software Solution and Clearswift Email Secure Gateway Software Solution. This contract for the software licenses is due for renewal in July 2020.
ECP24	IT	Service Director - Customers	Email Encryption Software Solution	Responsive & Efficient	45	-	0	45	0	0	0	0	Replacement of the Egress Email Encryption Software Solution, which was on a 3 year contract. North Herts have been using the Egress Email Encryption solution to ensure any Data above the protective marker of restricted is encrypted before leaving the Email Exchange Solution. The current three year software contract expires on the 31 March 2020.
Sub-Total: IT					1,335	-	702	119	64	450	-	-	
TOTAL					3,716	287	1,826	962	379	549	1,200	0	

TOTAL CONSISTS OF:													
PROPOSALS ALREADY IN THE CAPITAL PROGRAMME:					3,450	287	1,622	939	379	510	1,060	0	
NEW PROPOSALS IN THE 2019/20 PROCESS					266	0	204	23	0	39	140	0	

These totals exclude those capital projects planned to complete in 2018/19.

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Appendix C- Budget Workshop comments

Revenue savings and pressures

Ref.	Description	Conservative Group Comments	Labour and Co-operative Group Comments	Liberal Democrats Group Comments
E2	Removal of funding for Area Wide Parking Reviews in 2019/20		Need to ensure that actions from the previous parking reviews are carried out.	Query over whether these could be funded from reserves again in future years
E5	Effective procurement and management of tree maintenance		Need to make sure that we maintain NHDC trees	
E7	Rolling reduction in area committee budgets equivalent to 20% of annual provision	Add "grant" to description. I.e. "Rolling reduction in area committee grant budgets equivalent to 20% of annual provision"	Disagree, need to increase budget and have more flexible conditions.	Disagree, would like to see greater funding for Area Committees
R2	Retention of the 2018/19 parking tariff structure for 2019/20			Unclear as to the reasons for this.
R3	Removal of earmarked efficiency from launch of NHDC Lottery			Ok, did not support in the first place.
PE4	Informal alternative to area committees	Add comment to say "see R4", as this saving is proposed to be reversed.		
PE5	Provision of a Crematorium at Wilbury Hills			Ok, but would have expected a bigger return.

Ref.	Description	Conservative Group Comments	Labour and Co-operative Group Comments	Liberal Democrats Group Comments
PE6	NHDC Lottery	Add comment to say "see R3", as this saving is proposed to be reversed.		
PE8	Full-year effect of garden waste charging	Make clear what it relates to. Change description to "Full-year effect of previous saving relating to garden waste charging. The expected net impact of introducing garden waste charging, at £40 with a 26% take-up."		
PE10	MOU payments	<p>Add to the description to explain the status of each grant. End of the description to be changed to:</p> <p>Baldock Town Centre Partnership. Grant ceasing at the end of 2020/21. Amounts to be paid: 2018/19 £6.8k, 2019/20 £4.6k, 2019/20 £2.3k.</p> <p>Hitchin British Schools Museum. Ceasing at end of 2019/20. Amounts to be paid: 2018/19 £4.5k, 2019/20 £2.2k.</p> <p>Sports North Herts. Ceasing at end of 2019/20. Amounts to be paid: 2018/19 £3k, 2019/20 £1.5k.</p> <p>Arts Council for North Herts. Ceasing at end of 2019/20. Amounts to be paid: 2018/19 £5.5k, 2019/20 £2.8k.</p> <p>Stevenage and North Herts Women's Resource Centre. Ceasing at end of 2019/20. Amounts to be paid: 2018/19 £0.7k, 2019/20 £0.4k.</p>	Disagree, reverse this saving.	Not supported. Small sums for Council can be significant to smaller bodies. Activities undertaken by these groups can help to reduce demand on Council services.

Ref.	Description	Conservative Group Comments	Labour and Co-operative Group Comments	Liberal Democrats Group Comments
na	Council resolution that the adopted member allowances scheme for 2017/18 remain in place without amendment for the 2018/19 year reduces the anticipated cost in future years.	Make it clear that this relates to the inflation that was added to the Members Allowances budget, but is now not required. Therefore change the description to: “The Council resolution at its meeting on 10th April was that that the adopted member allowances scheme for 2017/18 should remain in place without amendment for the 2018/19 year which reduces the anticipated cost in future years. This saving is the inflation that would have been paid if the amounts had increased”		
na	The original estimate was based on the results of the public consultation, which indicated a 26% take up. The service has however been more popular than the consultation suggested, with currently over 50% of households registered for the service.	Make it clearer what this relates to. Therefore change the description to: The original estimate of take-up of the chargeable garden waste service was based on the results of the public consultation, which indicated a 26% take up. The service has however been more popular than the consultation suggested, with currently over 50% of households registered for the service. It is currently assumed that this level of take-up will continue next year.		
na	Recruitment of two additional officers to the Commercial Support Team			Should have an income target for commercialisation.

Ref.	Description	Conservative Group Comments	Labour and Co-operative Group Comments	Liberal Democrats Group Comments
Various	Garden Waste Charging		Appreciate that too expensive to reverse the decision, so look at exemptions and reduce the amount charged for everyone.	
na	General Presentation	Remove the distinction between “expenditure reduction/ additional expenditure” and “additional income/ income reduction” throughout to simplify the tables.		
na	General Presentation	Make negative numbers easier to distinguish. Therefore propose to show negative numbers in brackets.		
na	General			Would like to see the existing budget against each of the items to provide context.
New	Health and Wellbeing	Add in a one-off investment (in 2019/20) for Health and Wellbeing / Active Communities projects of £50k.		
New	Grant payments	Additional support for Citizens Advice North Herts in 2019/20 of up to £50k.		
New	Film Income			Take advantage of the commercial opportunities presented by the film industry e.g. use of land for film sets.

Capital

Ref.	Description	Conservative Group Comments	Labour and Co-operative Group Comments	Liberal Democrats Group Comments
NCP1-3	Hitchin Town Hall			Need to include the revenue return from this investment
ECP3	Provide housing at market rents			Need to include the revenue return from this investment What was the basis for allocating £3m when the Council hasn't decided yet what investment route to take.
ECP29	Royston Leisure Centre extension			Needs a cafe