

NORTH HERTFORDSHIRE DISTRICT COUNCIL



17 January 2020

Our Ref Cabinet 28.01.20
Your Ref.
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To: Members of the Cabinet:

Councillor Martin Stears-Handscomb, Leader of the Council (Chairman)
Councillor Paul Clark, Deputy Leader of the Council and Executive Member for Planning and Transport (Vice-Chair)
Councillor Ian Albert, Executive Member for Finance and IT
Councillor Judi Billing MBE, Executive Member for Community Engagement
Councillor Elizabeth Dennis-Harburg, Executive Member for Recycling and Waste Management
Councillor Gary Grindal, Executive Member for Housing and Environmental Health
Councillor Keith Hoskins MBE, Executive Member for Enterprise and Co-Operative Development
Councillor Steve Jarvis, Executive Member for Environment and Leisure

Deputy Executive Members: Councillors Ruth Brown, Ian Mantle, Sam North, Helen Oliver, Sean Prendergast, Carol Stanier and Kay Tart

NOTICE IS HEREBY GIVEN OF A

MEETING OF THE CABINET

to be held in the

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

on

TUESDAY, 28TH JANUARY, 2020 AT 7.30 PM

Yours sincerely,

Jeanette Thompson
Service Director – Legal and Community

****MEMBERS PLEASE ENSURE THAT YOU DOWNLOAD ALL AGENDAS AND REPORTS VIA THE MOD.GOV APPLICATION ON YOUR TABLET BEFORE ATTENDING THE MEETING****

Agenda

Part I

Item		Page
1.	APOLOGIES FOR ABSENCE	
2.	MINUTES - 17 DECEMBER 2019 To take as read and approve as a true record the minutes of the meeting of the Committee held on the 17 December 2019.	(Pages 7 - 20)
3.	NOTIFICATION OF OTHER BUSINESS Members should notify the Chairman of other business which they wish to be discussed at the end of either Part I or Part II business set out in the agenda. They must state the circumstances which they consider justify the business being considered as a matter of urgency. The Chairman will decide whether any item(s) raised will be considered.	
4.	CHAIRMAN'S ANNOUNCEMENTS <u>Climate Emergency</u> Members are reminded that this Council has declared a Climate Emergency. This is a serious decision and means that, as this is an emergency, all of us, officers and members have that in mind as we carry out our various roles and tasks for the benefit of our District. <u>Declarations of Interest</u> 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, wishing to exercise a 'Councillor Speaking Right', must declare this at the same time as the interest, move to the public area before speaking to the item and then must leave the room before the debate and vote.	
5.	PUBLIC PARTICIPATION To receive petitions, comments and questions from the public.	
6.	ITEMS REFERRED FROM OTHER COMMITTEES Any Items referred from other committees will be circulated as soon as they are available.	

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|-----|---|-------------------------|
| 7. | STRATEGIC PLANNING MATTERS
REPORT OF THE SERVICE DIRECTOR – REGULATORY | (Pages
21 - 50) |
| | To receive a report which identifies the latest position on key planning issues affecting the District. | |
| 8. | BALDOCK, BYGRAVE AND CLOTHALL NEIGHBOURHOOD PLAN - REGULATION 16 CONSULTATION
REPORT OF THE SERVICE DIRECTOR – REGULATORY | (Pages
51 - 56) |
| | To consider the documentation submitted by the Baldock, Bygrave and Clothall Neighbourhood Planning Group and agree to publish the documents for public consultation. | |
| 9. | STATEMENT OF COMMUNITY INVOLVEMENT - DRAFT FOR PUBLIC CONSULTATION
REPORT OF THE SERVICE DIRECTOR –REGULATORY | (Pages
57 - 100) |
| | To consider the revised draft Statement of Community Involvement and agree that it is published for public consultation. | |
| 10. | GARDEN WASTE SERVICE
REPORT OF THE SERVICE DIRECTOR – PLACE | (Pages
101 -
110) |
| | To consider and agree the principle of implementing concessionary rates and reconsider implementation of direct debits for future garden waste charges commencing in 2020/21. | |
| 11. | COMMUNITY GRANTS POLICY REVIEW
REPORT OF THE POLICY AND COMMUNITY ENGAGEMENT MANAGER | (Pages
111 -
128) |
| | To consider the proposed review of the Community Grants policy and criteria. | |
| 12. | CLIMATE CHANGE STRATEGY 2020-2025
REPORT OF THE POLICY AND COMMUNITY ENGAGEMENT MANAGER | (Pages
129 -
146) |
| | To consider a refreshed Climate Change strategy for adoption. | |
| 13. | FAIR COLLECTION POLICY
REPORT OF THE SERVICE DIRECTOR – CUSTOMERS | (Pages
147 -
216) |
| | To seek Cabinet approval for the adoption of a Fair Collection Policy supported by adoption of the Council Tax Protocol and use of the Standard Financial Statement. | |
| 14. | COUNCIL TAX PREMIUMS & DISCOUNTS ON EMPTY PROPERTIES
REPORT OF THE SERVICE DIRECTOR – CUSTOMERS | (Pages
217 -
226) |
| | To consider whether to increase Council Tax Premiums payable and extend the discount period on empty properties. | |

- 15. DRAFT DEVELOPER CONTRIBUTIONS SPD** (Pages
REPORT OF THE SERVICE DIRECTOR – REGULATORY 227 -
294)

To consider the draft Developer Contributions SPD and the feasibility of introducing a Community Infrastructure Levy for residential sites of 10 units or less.
- 16. PROPERTY ACQUISITION & DEVELOPMENT STRATEGY** (Pages
REPORT OF THE SENIOR ESTATES SURVEYOR 295 -
350)

To seek Cabinet's recommendation of approval of Property Acquisition & Development Strategy, including Appendices, to Full Council.
- 17. REVENUE BUDGET 2020/21** (Pages
REPORT OF THE SERVICE DIRECTOR – RESOURCES 351 -
384)

To consider the draft budget for 2020/21 and the appropriate level of Council Tax that will be recommended to the meeting of the Council on the 6 February 2020.
- 18. INVESTMENT STRATEGY (INTEGRATED CAPITAL AND TREASURY)** (Pages
REPORT OF THE SERVICE DIRECTOR – RESOURCES 385 -
442)

To consider the Investment Strategy and recommend to Council the adoption of the Investment Strategy.
- 19. LAND ADJACENT TO 1 NORTH END, KELSHALL, HERTS** (Pages
REPORT OF THE INTERIM PROPERTY CONSULTANT 443 -
450)

To consider the declaration of the land adjacent to 1 North End, Kelshall, as surplus to the District Council's requirements.
- 20. LAND ADJACENT TO 9 NORTH END, KELSHALL, HERTS** (Pages
REPORT OF THE INTERIM PROPERTY CONSULTANT 451 -
462)

To consider the declaration of the land adjacent to 9 North End, Kelshall, Herts as surplus to the District Council's requirements
- 21. ROYSTON TOWN HALL ANNEXE SITE** (Pages
REPORT OF THE INTERIM PROPERTY CONSULTANT 463 -
468)

To consider the declaration of the land at Royston Town Hall Annexe as surplus to the District Council's requirements.
- 22. EXCLUSION OF PRESS AND PUBLIC**

To consider passing the following resolution:

That under Section 100A of the Local Government Act 1972, the Press and Public be excluded from the meeting on the grounds that the following report will involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the said Act (as amended).

23.	ROYSTON TOWN HALL ANNEXE SITE	469 -
	REPORT OF THE INTERIM PROPERTY CONSULTANT	474

To seek Cabinet's approval for the declaration as surplus to the District Council's requirements approximately 0.38 acres of land and buildings adjacent to Royston Town Hall as shown edged red on the plan at Appendix A.

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NORTH HERTFORDSHIRE DISTRICT COUNCIL

CABINET

MEETING HELD IN THE COUNCIL CHAMBER, COUNCIL OFFICES,
GERNON ROAD, LETCHWORTH GARDEN CITY
ON TUESDAY, 17TH DECEMBER, 2019 AT 7.30 PM

MINUTES

Present: *Councillors Martin Stears-Handscomb (Chairman), Paul Clark (Vice-Chairman), Ian Albert, Judi Billing, Elizabeth Dennis-Harburg, Gary Grindal, Keith Hoskins, Steve Jarvis, Ruth Brown, Ian Mantle and Sean Prendergast*

In Attendance: *David Scholes (Chief Executive), Anthony Roche (Deputy Chief Executive), Jeanette Thompson (Service Director - Legal and Community), Ian Couper (Service Director - Resources), Ian Fullstone (Service Director - Regulatory), Howard Crompton (Service Director - Customers), Vaughan Watson (Service Director - Place), Nigel Smith (Strategic Planning Manager), Geraldine Goodwin (Revenues Manager), Andrew Mills (Service Manager - Greenspace), Melanie Stimpson (Democratic Services Manager), Peter Lapham (Interim Property Consultant) and Hilary Dineen (Committee, Member and Scrutiny Manager)*

Also Present: *At the commencement of the meeting Councillor Sam Collins and approximately 3 members of the public, including registered speakers.*

59 APOLOGIES FOR ABSENCE

Audio recording – 30 seconds

Apologies for absence were received from Councillors Helen Oliver, Carol Stanier and Kay Tart.

60 MINUTES - 31 OCTOBER 2019

Audio Recording – 43 seconds

RESOLVED: That the Minutes of the meeting held on 31 October 2019 be approved as a true record of the proceedings and be signed by the Chairman.

61 NOTIFICATION OF OTHER BUSINESS

Audio recording – 1 minute 15 seconds

There was no other business notified.

62 CHAIRMAN'S ANNOUNCEMENTS

Audio recording – 1 minute 20 seconds

(1) The Chairman welcomed those present at the meeting;

- (2) The Chairman advised that, in accordance with Council Policy, the meeting would be audio recorded;
- (3) The Chairman reminded those present that the Council had declared a Climate Emergency. This was a serious decision and meant that, as this was an emergency, all of us, officers and Members, had that in mind as we carried out our various roles and tasks for the benefit of our District.
- (4) The Chairman drew attention to the item on the agenda front pages regarding Declarations of Interest and 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;
- (5) The Chairman asked that Officers announce their name and their designation to the meeting when invited to speak;
- (6) The Chairman advised that he was changing the order of items and would be taking Item 13 - Introduction of Charges for Use of Greenspaces at the end of the agenda.

63 PUBLIC PARTICIPATION

Review of Hitchin Town Hall and District Museum

Audio recording – 2 minutes 41 seconds

The Chairman advised that, repeating the words of the Chairman of the Overview and Scrutiny Committee when considering this subject, he would ask that speakers act courteously and with respect and refrain from personal remarks or disrespect to any person.

Ms Jackie McDonald thanked the Chairman for the opportunity to address Cabinet and she made a verbal presentation as follows:

- She created the Future of Hitchin Town Hall and Museum social media group in February 2016;
- This was a campaigning pressure group that sought to bring about a lasting resolution to the unopened facility;
- The project was fraught with controversy, delay and a breakdown in communication between Hitchin Town Hall Ltd, John Robinson and the Chief Executive;
- It was obvious that Mr Robinson had too much sole responsibility and consequently failed to manage the project properly;
- He failed to deal with problems as they arose and made it difficult for HTH Ltd to attend meetings;
- A wall was built across the stage and listed building consent was retrospectively applied for;
- The Portfolio Holder and Leader of the Council were out of their depth with the project;
- HTH Ltd and Hitchin Initiative were kept in the dark about progress on the project;
- She thanked HTH Ltd and HTH Finance for securing 14/15 Brand Street;
- Much more could have been done to keep community groups informed;
- Hopefully lessons had been learnt.

The Chairman thanked Ms McDonald for her presentation.

The Chairman advised that two further members of the public, Mr David Leal-Bennett and Mr Stephen Pike, had had registered to speak although they indicated that they were unable to attend this evening.

The Local Plan

Audio recording – 7 minutes 51 seconds

Mr Roger Lovegrove thanked the Chairman for the opportunity to address the Committee and gave a verbal presentation as follows:

- He was aware that it was hoped that the Local Plan would be adopted early in the new year;
- NHDC should consider deleting the 5 proposed new estates on the outskirts of Stevenage, Hitchin, Luton, Letchworth and Baldock;
- NHDC should consider developing a new town in place of these estates;
- The new estates would be unlikely to meet current sustainability expectations;
- Since the Local Plan was initiated in 2017 a lot had changed including;
 - Parliament had declared a climate emergency;
 - NHDC had declared a climate emergency;
 - Extinction Rebellion had woken everyone up to the need to take urgent action regarding climate change more seriously;
 - NHDC had a number of new Councillors;
 - Parliament had 109 new Conservative MPs;
 - The new Government came to power on a manifesto of climate change
- The sites were chosen for what could be built in the timescale rather than any measure of sustainability criteria;
- There was a new Oxford – Cambridge rail line planned;
- Most occupants of the new estates would likely be commuters and would likely have 1 or 2 cars per household. This would increase parking problems locally and cause more issues at the bottleneck on the A1 at Welwyn;
- In a new town residents could be within walking distance of a town centre and train station and be more conducive to social housing;
- A new town could be built in Ashwell, but a better site would be Tempsford in Bedfordshire;
- The A1M and rail bottlenecks at Welwyn had not been mentioned in NHDCs response to the EEH Outline Transport Strategy Consultation;
- NHDC should ask the Government for an extension to the Local Plan in order to plan, in conjunction with Bedfordshire a new sustainable town.

The Chairman thanked Mr Lovegrove for his presentation.

64 ITEMS REFERRED FROM OTHER COMMITTEES

Audio recording – 14 minutes 37 seconds

A Item Referred from Overview and Scrutiny Committee: 23 October 2019 – Review of the Hitchin Town Hall and District Wide Museum Project

The Chairman advised Members that the report considered by the Overview and Scrutiny Committee had an Appendix B – Comments of the Senior Management Team attached which, having discussed the matter with the Chief Executive and Deputy Chief Executive and considered terms of reference and recent practice, was convinced that this was presented to the Committee in good faith based on the most recent practice. This was not a normal Task and Finish Group and therefore he felt that the appendix was inappropriate in this case and therefore would not be considered by Cabinet.

There was a more collaborative way of working and therefore it was not expected that this issue would occur again in the future.

The Terms of reference in respect Task and Finish Groups needed to be reviewed.

The two registered speakers had circulated a paper to Members of Cabinet which referred to the Appendix previously mentioned. As the Appendix was not being considered it was not appropriate to consider the circulated paper.

The Chairman of the Overview and Scrutiny Committee presented the referral from the meeting of the Committee held on 23 October 2019 regarding the Review of the Hitchin Town Hall and District Wide Museum Project.

He thanked the Panel members and the Independent Chairman for the work they had undertaken.

The Committee spent a great deal of time considering the report of the Panel and made the following recommendations:

1. That the Report of the Hitchin Town Hall Review Panel, (Appendix A) be reviewed and the recommendations, as contained in part D of the report, be accepted.
2. That the following recommendations from the Overview and Scrutiny Committee be considered:
 - (i) When reviewing the recommendations of the Hitchin Town Hall Review Panel the comments of the Overview and Scrutiny Committee be taken into account, particularly the way in which the Council works with Community Groups/Partners;
 - (ii) Ensure that a robust system of mediation is established;
 - (iii) That an effective intervention process is put into place that results in suitable progressive remedial action following any mediation;
 - (iv) That dedicated Project Management is put in place that is adequately resourced as recommended by the Overview and Scrutiny Committee;
 - (v) That a summarised version of the recommendations, (Part D of the Report) is incorporated into all large briefing documents to enable the production of a Code of Conduct which could inform any future projects;
 - (vi) That a clear Intervention Protocol is written and adopted within a reasonable timescale, and included within the Terms of Reference of the Overview and Scrutiny Committee (a separate stand-alone paragraph that the Committee will understand to be the process followed when it is deemed necessary for a decision regarding a project is "called in"); and
 - (vii) That the Council's Procurement Procedures are reviewed as part of the review of the Constitution and continue to be followed and updated regularly to ensure it is adequately robust.

The Chairman invited Mr John Richardson (Independent Chair of the Overview and Scrutiny Review of Hitchin Town Hall and District Museum) to address Cabinet.

The Independent Chair advised that:

- He was grateful for the generally positive response to both the process and the content;
- The Panel did not make judgements on some of the divisive issues;
- The recommendations were, in some ways, pushing at an open door and stating the obvious;
- The recommendations were based on evidence at the hearings taking into account perceptions, values and views.

The Chairman thanked Mr Richardson and the Panel for their work.

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

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

Members were keen that the recommendations were carried forward and acted upon.

It was proposed by Councillor Martin Stears-Handscomb, seconded by Councillor Paul Clark and:

RESOLVED:

- (1) That the Report of the Hitchin Town Hall Review Panel, (Appendix A) be noted and the recommendations, as contained in part D of the report, be accepted;
- (2) That the following recommendations from the Overview and Scrutiny Committee be accepted:
 - (i) That the comments of the Overview and Scrutiny Committee, particularly the way in which the Council works with Community Groups/Partners be noted;
 - (ii) That a robust system of mediation be established;
 - (iii) That an effective intervention process that results in suitable progressive remedial action following any mediation be put into place;
 - (iv) That dedicated Project Management that is adequately resourced, as recommended by the Overview and Scrutiny Committee be put into place;
 - (v) That a summarised version of the recommendations, (Part D of the Report) be incorporated into all large briefing documents to enable the production of a Code of Conduct which could inform any future projects;
 - (vi) That a clear Intervention Protocol be written and adopted within a reasonable timescale, and included within the Terms of Reference of the Overview and Scrutiny Committee (a separate stand alone paragraph that the Committee will understand to be the process followed when it is deemed necessary for a decision regarding a project is "called in"); and
 - (vii) That the Council's Procurement Procedures be reviewed as part of the review of the Constitution and continue to be followed and updated regularly to ensure it is adequately robust.

REASON FOR DECISIONS: To enable Cabinet to comment on and consider the recommendations regarding the review into Hitchin Town Hall and District Wide Museum Project.

B Referral from Finance, Audit and Risk Committee – 5 December 2019- Draft Budget 2020/21

RESOLVED: That the referral from the Finance, Audit and Risk Committee meeting held on 5 December 2019 regarding the Draft Budget 2020/21 be considered with Item 9 (Minute 67 refers).

C Referral from Finance, Audit and Risk Committee – 5 December 2019 - Second Quarter Revenue Monitoring 2019/20;

RESOLVED: That the referral from the Finance, Audit and Risk Committee meeting held on 5 December 2019 regarding Second Quarter Revenue Monitoring 2019/20 be considered with Item 10 (Minute 68 refers).

D Referral from Finance, Audit and Risk Committee - Investment Strategy (Capital and Treasury) Mid-Year Review 2019/20.

RESOLVED: That the referral from the Finance, Audit and Risk Committee meeting held on 5 December 2019 regarding Investment Strategy (Capital and Treasury) Mid-Year Review 2019/20 be considered with Item 11 (Minute 69 refers).

65 STRATEGIC PLANNING MATTERS

Audio recording – 37 minutes 36 seconds

The Executive Member for Planning and Transport presented the report entitled Strategic Planning Matters together with the following appendix:

- Appendix A – NHDC response to EEH Outline Transport Strategy Consultation.

The Executive Member for Planning and Transport advised Cabinet that:

- NHDC had responded to the Inspectors comments regarding the Local Plan. His reply was expected in January 2020 and additional hearings would likely take place in March 2020;
- In response to Mr Lovegrove's comments (Minute 64 refers), The Inspector was now in control of the Local Plan and therefore no action could be taken;
- The development of a new settlement was considered during the Local Plan process, however there was a long lead time to a new settlement;
- The Cabinet Panel on the Environment had requested that NHDC respond objecting to the proposal for expansion of London Luton Airport;
- London Luton Airport had given an extension to the Consultation period and Cabinet was asked for permission to respond objecting to the expansion;
- A large amount of traffic for London Luton Airport passed through North Herts.

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

- Councillor Ian Albert;
- Councillor Steve Jarvis;

In response to questions the Executive Member for Planning and Transport advised;

- That the response to the consultation regarding London Luton Airport would be put on the Council's website;
- If London Luton Airport chose to continue with their proposals there would be an opportunity for more detailed responses to consultations;
- That all opportunities to develop policies taking into account climate change issues would be taken.

It was proposed by Councillor Paul Clark, seconded by Councillor Martin Stears-Handscomb and:

RESOLVED:

- (1) That the report on strategic planning matters be noted;
- (2) That the submission in Appendix A be noted:

- (3) That the use of Conservation Area Character Statements for Ashwell, Barkway, Barley, Bendish, Codicote, Croft Lane, Ickleford, Norton, Reed, Roe Green, Rushden, Sandon, Southern Green, Wallington, Whitwell and Therfield, as listed in paragraph 8.4.2 of this report as material considerations in decision making for planning applications and in the preparation of Neighbourhood Plans be endorsed;
- (4) That the Strategic Director – Regulatory, in consultation with the Executive Member for Planning and Transport, be requested to respond to the consultation regarding the expansion of London Luton Airport on behalf of the Council stating that NHDC objects to the proposals for expansion.

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

66 PRESTON NEIGHBOURHOOD PLAN EXAMINERS REPORT

Audio recording – 47 minutes 33 seconds

The Executive Member for Planning and Transport presented the report entitled Preston Neighbourhood Plan Examiners Report together with the following appendices:

- Appendix A - Preston Parish Neighbourhood Plan – Independent Examiner’s Report;
- Appendix B - Schedule of the examiner’s proposed modifications and responses.

It was proposed by Councillor Paul Clark, seconded by Councillor Martin Stears-Handscomb and

RESOLVED:

- (1) That the examiner’s report for the Preston Parish Neighbourhood Plan should be noted;
- (2) That following the inclusion of the Examiner’s proposed modifications and one minor modification set out in paragraph 4.2 to the Preston Parish Neighbourhood Plan, as set out in Appendix B, be approved to proceed to a referendum;
- (3) That the Counting Officer be instructed to conduct a referendum on the Preston Parish Neighbourhood Plan;
- (4) That the decision to “make” the Preston Parish Neighbourhood Plan be delegated to the Service Director – Regulatory in consultation with the Executive Member for Planning and Transport.

REASONS FOR DECISIONS: To progress the Preston Parish Neighbourhood Plan, enable a referendum to take place and, if more than 50% of those voting in favour of the Preston Parish Neighbourhood Plan to “make” the Preston Parish Neighbourhood Plan.

67 DRAFT BUDGET 2020/21

Audio recording – 48 minutes 25 seconds

The Executive Member for Finance and IT presented the report entitled Draft Budget 2020/21 together with the following appendices:

- Appendix A - Full list of Revenue Savings and Investments;
- Appendix B - Comments on new Revenue proposals from budget workshops;
- Appendix C - Full proposed Capital Programme.

The Executive Member for Finance and IT proposed that recommendation 2.1 be amended to read:

“That Cabinet note the funding forecasts for 2020/21 onwards, and that (especially significant for 2021/22 onwards) these will be subject to change”

He further advised that:

- There was a one-year settlement for 20/21 giving a degree of certainty for that year, however this meant some uncertainty for future years;
- This was the first draft of the budget a further report would be considered by Cabinet in January 2020;
- The capital programme (excluding property investment acquisitions) could be afforded without a need to borrow;
- There was a need for the Council to start to plan now for future projects;
- As the opportunity for any further efficiencies is expected to be very limited, it is proposed that this will include a review of all current spend identifying those areas which are discretionary services or services that are delivered in excess of the statutory requirement.

The Chairman drew attention to the referral from the Finance, Audit and Risk Committee meeting held on 5 December 2019 and noted that no additional recommendations to those in the report had been made.

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

- Councillor Martin Stears-Handscorn;
- Councillor Judi Billing;

Councillor Judi Billing proposed that R26 – Additional Community Engagement Officer post be removed from the New Revenue Pressures and Investment Proposals (Appendix B).

It was moved by Councillor Ian Albert, seconded by Councillor Martin Stears-Handscorn and:

RESOLVED:

- (1) That Cabinet note the funding forecasts for 2020/21 onwards, and that (especially significant for 2021/22 onwards) these will be subject to change;
- (2) That the comments made at the budget workshops in regard to the draft budget be noted;
- (3) That the comments made at the budget workshops in regard to the inclusion of the capital investments in the draft budget be noted;
- (4) That the risk in relation to the timing of capital receipts and that this might result in a need to borrow for capital purposes, which would result in additional revenue costs to those already reflected be noted;
- (5) That it be noted that Council Tax increases for 2020/21 will be in line with the Medium Term Financial Strategy (i.e. the maximum amount allowed without the need for a local referendum).
- (6) That it be approved that the funding surplus in 2020/21 be transferred to a funding equalisation reserve. This reserve will then be released in future years to help balance the budget;

- (7) That the need to start budget planning for 2021/22 (and beyond) early in the new financial year (2020/21) and the proposed process be noted;
- (8) That R26 – Additional Community Engagement Officer post be removed from the New Revenue Pressures and Investment Proposals (Appendix B).

REASONS FOR DECISIONS:

- (1) To ensure that all relevant factors are taken in to consideration when arriving at a proposed budget for 2020/21, to be considered by Full Council on 6 February 2020;
- (2) To ensure that the medium term impacts of decisions are considered, and how a balanced budget will be set for future years.

68 SECOND QUARTER REVENUE MONITORING 2019/20

Audio recording – 1 hour 2 minutes 10 seconds

The Executive Member for Finance and IT presented the report entitled Second Quarter Revenue Monitoring 2019/20.

The Chairman drew attention to the referral from the Finance, Audit and Risk Committee meeting held on 5 December 2019 and noted that no additional recommendations to those in the report had been made.

It was moved by Councillor Ian Albert, seconded by Councillor Martin Stears-Handscomb and:

RESOLVED:

- (1) That the report entitled Second Quarter Monitoring 2019/20 be noted;
- (2) That the changes to the 2019/20 General Fund budget, as identified in table 3 and paragraph 8.2, a £360k decrease in net expenditure be approved;
- (3) That the changes to the 2020/21 General Fund budget, as identified in table 3 and paragraph 8.2, a £188k increase in net expenditure be noted. These will be incorporated in the draft revenue budget for 2020/21;
- (4) That the write-off of the debtor invoice of £130,566.75 raised to CoinCo International PLC in January 2015, as explained in paragraph 8.3 be approved.

REASONS FOR DECISIONS: 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.

69 INVESTMENT STRATEGY (CAPITAL AND TREASURY) MID-YEAR REVIEW 2019/20

Audio recording – 1 hour 5 minutes 31 seconds

The Executive Member for Finance and IT presented the report entitled Investment Strategy (Capital and Treasury) Mid-Year Review 2019/20 together with the following appendices:

- Appendix A - Capital Programme Detail including Funding 2018/19 onwards;
- Appendix B - Treasury Management Update.

The Executive Member for Finance and IT proposed that recommendation 2.4 be amended to read:

“Cabinet recommends to Council that it is asked to note the position of Treasury Management activity as at the end of September 2019.”

He thanked the Service Director – Resources and his tem for all of their work regarding the budget and finances of the Council.

The Chairman drew attention to the referral from the Finance, Audit and Risk Committee meeting held on 5 December 2019 and noted that no additional recommendations to those in the report had been made.

It was moved by Councillor Ian Albert, seconded by Councillor Martin Stears-Handscomb and:

RESOLVED:

- (1) That the forecast expenditure of £5.886million in 2019/20 on the capital programme, paragraph 8.2 refers, be noted;
- (2) That the adjustments to the capital programme for 2019/20 onwards as a result of the revised timetable of schemes detailed in table 2, increasing the estimated spend in 2020/21 and beyond by £1.369million be approved;
- (3) That the position of the availability of capital resources, as detailed in table 3 paragraph 8.6 and the requirement to keep the capital programme under review for affordability be noted.

RECOMMENDED TO COUNCIL: That the position of Treasury Management activity as at the end of September 2019 be noted.

REASONS FOR DECISIONS:

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

70 COUNCIL TAX REDUCTION SCHEME (CTRS) 2020/2021

Audio recording – 1 hour 8 minutes 28 seconds

The Executive Member for Finance and IT presented the report entitled Council Tax Reduction Scheme (CTRS) 2020/2021.

He thanked the Service Director Customers, the Revenues Manager and their team for all of their work regarding the Council Tax Reduction Scheme and its management and noted the high number of responses to the consultation on this subject.

It was moved by Councillor Ian Albert, seconded by Councillor Martin Stears-Handscomb and:

RESOLVED:

- (1) That the CTRS position relating to this and previous financial years be noted;

- (2) That it be noted that a full review of the CTRS is underway and that further recommendations for changes to the Scheme will be presented to Cabinet in 2020 for implementation in 2021/2022.

RECOMMENDED TO COUNCIL:

- (1) The following proposed changes to the CTRS for 2020/2021:
- A) That a deminimis amount of £2.50 per week be introduced for reductions in entitlement, with no deminimis amount for increases in entitlement;
 - B) That any payments made under the Windrush Compensation Scheme be disregarded for the purposes of CTRS.
- (2) That the level of Scheme funding to be allocated to the Parish, Town and Community Councils will be the same as 2019/2020 (£38,885).

REASON FOR DECISIONS: To ensure that the Council complies with the requirement to ensure that a Scheme is in place by 11 March 2020.

71 LAND OFF TEMPLARS LANE, PRESTON

Audio recording – 1 hour 15 minutes 6 seconds

The Executive Member for Enterprise and Cooperative Development presented the report entitled Land Off Templars Lane, Preston together with the following appendices:

- Appendix A - Location Plan of Land to be Declared Surplus;
- Appendix B – Ownership and previously Sold Land;
- Appendix C - S.123 Local Press Advertisement;
- Appendix D – Title of the District Council's Land HD498282;
- Appendix E – Title of Howard Cottage HA Land HD533173;
- Appendix F - Parish Council Response.

It was moved by Councillor Keith Hoskins, seconded by Councillor Martin Stears-Handscomb and:

RESOLVED:

- (1) That the land off Templars Lane, Preston be declared surplus to the District Council's requirements and then placed on the open market for sale on a subject to planning basis for residential development;
- (2) Following receipt of offers for the land identified in Appendix A, the decision to accept an offer is delegated to the Service Director for Resources, in consultation with the Executive Members for Finance and IT. Offers will be evaluated against alternative development options.

REASONS FOR DECISIONS:

- (1) To provide a financial receipt to help fund the District Council's capital programme;
- (2) Marketing the land on the open market will maximise interest from developers and satisfy the requirements to obtain the best price reasonably obtainable.

72 LAND AT THE GREEN, NEWNHAM

Audio recording – 1 hour 16 minutes 24 seconds

The Executive Member for Enterprise and Cooperative Development presented the report entitled Land at the Green, Newnham together with the following appendices:

- Appendix A - Location Plan of Land to be Declared Surplus;
- Appendix B – S.123 Local Press Advertisement;
- Appendix C – Settle HA Title;
- Appendix D – Parish Council Response.

It was moved by Councillor Keith Hoskins, seconded by Councillor Martin Stears-Handscomb and:

RESOLVED:

- (1) That the land at The Green, Newnham be declared surplus to the District Council's requirements and then placed on the open market for sale on a subject to planning or unconditional basis for residential development;
- (2) Following receipt of offers for the land identified in Appendix A, the decision to accept an offer is delegated to the Service Director for Resources, in consultation with the Executive Members for Finance and IT. Offers will be evaluated against alternative development options.

REASONS FOR DECISIONS:

- (1) To provide a financial receipt to help fund the District Council's capital programme;
- (2) Marketing the land on the open market will maximise interest from developers and satisfy the requirements to obtain the best price reasonably obtainable.

73 INTRODUCTION OF CHARGES FOR THE USE OF GREENSPACES

Audio recording – 1 hour 17 minutes 10 seconds

Prior to the item being considered Councillor Paul Clark declared a declarable interest in that he was one of the Council's representatives to the King George V Playing Fields User Group. He was also the Vice President of the Hitchin Rugby Club that played at the King George V Playing Fields. He advised that he would not take part in the debate or vote and would leave the room for the duration of the item.

Prior to the item being considered Councillor Judi Billing declared a declarable interest in that she was a member of the Cabinet Sub-Committee (Council Charities). She advised that she would not take part in the debate or vote and would leave the room for the duration of the item.

Prior to the item being considered Councillor Steve Jarvis declared a declarable interest in that he was a member of the Cabinet Sub-Committee (Council Charities). He advised that he would not take part in the debate or vote and would leave the room for the duration of the item.

Prior to the item being considered Councillor Elizabeth Dennis-Harburg declared a declarable interest in that she was a member of the Cabinet Sub-Committee (Council Charities). She advised that she would not take part in the debate or vote and would leave the room for the duration of the item.

Prior to the item being considered Councillor Ian Albert declared a declarable interest in that he was one of the Council's representatives to the King George V Playing Fields User Group. He advised that he would remain in the room and take part in the debate and vote.

Councillors Billing, Clark, Dennis-Harburg and Jarvis left the room.

The Service Manager Greenspaces presented the report entitled Introduction of Charges for the Use of Greenspaces together with the following appendix:

- Appendix A – Proposed process for managing the charging of Multi Use Games Areas and Events.

The Service Manager Greenspace advised that:

- Clubs would pay for use, however when not in use by a club the space would be free to use for members of the public;
- NHDC incurred the cost of maintaining the areas and floodlighting;
- This was an opportunity to reflect the current economic situation and generate approximately £10,000 of income;

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

- Councillor Ian Albert;
- Councillor Keith Hoskins;
- Councillor Gary Grindal.

In response to questions the Service Manager – Greenspace advised that:

- Policies were already in place to charge fairs;
- NHDC would rely on the honesty and integrity of football clubs however, Grounds Maintenance would be challenging groups that they see using an area;
- Historically bookings were after work therefore did not generally have bookings before 5pm on weekdays;
- The proposals would not affect current practices regarding charging for football pitches.

Members were concerned that the areas be free to use, particularly for school children, late afternoon and early evening on weekdays.

It was proposed by Councillor Keith Hoskins that bookings only be taken after 6pm on weekdays.

It was moved by Councillor Martin Stears-Handscorn, seconded by Councillor Ian Albert and:

RESOLVED:

- (1) That the introduction of charges for the hire of multi use games areas and for the use of public open spaces for events at weekends and after 6pm on weekdays be approved as detailed in paragraphs:

- 10.2a One off public events in parks and open spaces;
- 10.2b Hire of Multi Use Games Areas;
- 10.2c Fitness Groups use of parks and open spaces;

- (2) The introduction of Fees and Charges for the hire of the Muga at King George V Recreation Ground at weekends and after 6pm on weekdays will only be adopted upon the approval of the Cabinet Sub - Committee (Council Charities).

REASONS FOR DECISIONS:

- (1) The introduction of charges for the use of Muga's will help manage demand and off set the ongoing running costs especially in relation to the use of the flood lights;
- (2) The charging for events that use our public open spaces will help offset the administrative costs of issuing a Land Licence for each event and contribute towards ongoing maintenance costs of each location;
- (3) Many of our open spaces are used for private businesses for their own commercial purposes such as fitness groups and dog walking companies. These businesses are using the open spaces free of charge and are not currently contributing towards the maintenance of the public open spaces that they use.

The meeting closed at 9.00 pm

Chairman

CABINET 28 JANUARY 2020
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*PART 1 – PUBLIC DOCUMENT

TITLE OF REPORT: STRATEGIC PLANNING MATTERS

REPORT OF THE SERVICE DIRECTOR - REGULATORY

EXECUTIVE MEMBER FOR PLANNING & TRANSPORT

CURRENT COUNCIL PRIORITY: ATTRACTIVE AND THRIVING / PROSPER AND PROTECT

NEW COUNCIL PRIORITY: RESPOND TO CHALLENGES TO THE ENVIRONMENT /
ENABLE AN ENTERPRISING AND CO-OPERATIVE ECONOMY / SUPPORT THE
DELIVERY OF GOOD QUALITY AND AFFORDABLE HOMES

1. EXECUTIVE SUMMARY

1.1 This report identifies the latest position on key planning issues affecting the District.

2. RECOMMENDATIONS

2.1. That the report on strategic planning matters be noted.

2.2. That the submissions in Appendices A and B be noted by Cabinet.

3. REASONS FOR RECOMMENDATIONS

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

4. ALTERNATIVE OPTIONS CONSIDERED

4.1. None

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

5.1. The Executive Member for Planning and Transport and Deputy have been briefed on the matters set out above. The Local Plan Project Board is regularly consulted and updated upon matters affecting the Examination.

6. FORWARD PLAN

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

7. BACKGROUND

- 7.1. Members will be aware of, and familiar with, many of the issues surrounding the strategic planning matters referred to in paragraph 1.1 above. This report is intended to provide Members with the current positions on these matters. As with previous reports, only those matters where there has been substantive new information or change are reported upon.

8. RELEVANT CONSIDERATIONS

Other Plans and Examinations

- 8.1. **South Cambridgeshire** – An Issues and Options consultation on the [Greater Cambridge Local Plan](#), produced jointly by Cambridge City Council and South Cambridgeshire District Council, opened on Monday 13 January 2020 and runs until Monday 24 February 2020. Officers are reviewing the consultation material and will prepare a response in consultation with the Executive Member. This will be reported to a future Cabinet meeting.
- 8.2. **Stevenage** – Adoption of a Community Infrastructure Levy (CIL) for Stevenage will be considered by their Full Council on 29 January 2020. This will set rates of between £40 and £100 per square metre of qualifying development.

North Hertfordshire Local Plan

- 8.3. Responses to the Inspector's letters of 9 July and 9 August 2019 have been [published on the Council website](#). The Inspector's next steps are anticipated in mid-January. A verbal update will be provided at the meeting.

Neighbourhood Plans

- 8.4. The Baldock, Bygrave and Clothall Neighbourhood Plan is subject to a separate report to this meeting.

Conservation Area Character Statements

- 8.5. Work remains ongoing on the remaining phases of the Conservation Area Character Statements. The final tranche of Statements will be reported to Cabinet in March with an accompanying recommendation.

Government Announcements

- 8.6. The deadline for responding to the Government's [Future Homes consultation](#), reported to Cabinet in October 2019, has been extended to February 7 2020. A response is being prepared in consultation with the Executive Member and will be reported to a future meeting of the Cabinet.

London Luton Airport

- 8.7. Statutory consultation commenced on 16 October 2019 for eight weeks ahead of formal submission of a Development Consent Order (DCO) for the proposed expansion of the airport to the Planning Inspectorate in 2020. The consultation formally closed on 16 December 2019. However, an extension was agreed for the host authorities until 24 December 2019 due to a delay in the signing of a Planning Performance Agreement.
- 8.8. The Planning Performance Agreement funded specialist consultants to undertake a technical review of the consultation documentation and for the submission of a joint technical response by the host authorities. The joint technical response is attached as Appendix A. The full technical review is available as a background paper and will be published on the Council's website.
- 8.9. In addition a separate NHDC response was submitted in consultation with the Executive Member as resolved at the December 2019 meeting of Cabinet. This is attached as Appendix B to this report.

Other transport, planning and infrastructure matters

- 8.10. **Hertfordshire Draft Rail Strategy consultation** – Hertfordshire County Council [are consulting on the above strategy](#) from 6 January to 31 March 2020. The Rail Strategy is a supporting document for the adopted Local Transport Plan (LTP4) and sets out the County council's aspirations for developing the rail network in Hertfordshire at both the strategic and local level. The document is a review of the previous strategy adopted in 2016.
- 8.11. The aim is to deliver a Rail policy where:

“the county council will support and promote rail use in the county, especially in order to reduce car use. To do this it will:

- Work with the rail industry and other partners to seek improvements to train services in regards to capacity, journey times, frequency and range of destinations served.*
- Work with the rail industry and other stakeholders to make rail travel more attractive through improved fares and ticketing, upgraded station facilities and better access and interchange by sustainable modes of transport.*
- Support Community Rail Partnerships in the county”*

- 8.12. Officers will prepare a response in consultation with the Executive Member and Deputy for Planning and Transport, to be reported to Cabinet in March.
- 8.13. **North & Central Hertfordshire Growth Transport Plan** – HCC have begun [a public engagement exercise on this document](#). The North Central Growth & Transport Plan (NCGTP) is a new transport strategy to help direct and plan transport improvements and investment in Stevenage and North Hertfordshire, developed in line with forecast development to 2031. Public engagement closes on 30 March 2020.
- 8.14. Officers will prepare a response in consultation with the Executive Member and Deputy for Planning and Transport to be reported to a future Cabinet meeting.
- 8.15. The Council's Statement of Community Involvement and draft Developer Contributions SPD are subject to separate reports to this meeting.
- 8.16. An updated version of [the Council's Brownfield Land Register](#) has been published in line with [Government requirements](#). Given the absence of significant tracts of (e.g.) derelict former employment land, North Hertfordshire's register mainly consists of sites previously identified through the local plan process or which are subject to planning applications.

9. LEGAL IMPLICATIONS

- 9.1. Under the Terms of Reference for Cabinet, the Constitution states that it may exercise the Council's functions as Local Planning Authority and receive reports on strategic planning matters, applications for, approval/designation, consultation/referendums revocations (or recommend revocation) of neighbourhood plans and orders, (except to the extent that those functions are by law the responsibility of the Council or delegated to the Service Director: Regulatory).
- 9.2. The preparation of statutory plans is guided by a range of acts and associated regulations including the Planning and Compulsory Purchase Act 2004 (as amended) and the Localism Act 2011. All local planning authorities are bound by a statutory Duty to Co-operate on cross-border planner matters.

10. FINANCIAL IMPLICATIONS

- 10.1. There are no new financial implications arising from this report. The costs of preparing the Local Plan and running the examination are reviewed on a regular basis, and are reported through the quarterly revenue monitoring reports to Cabinet.
- 10.2. The general costs of preparing Supplementary Planning Documents, responding to consultations on neighbouring authorities' Plans, neighbourhood plans and Government consultations and the other activities identified in this report are met through existing revenue budgets or benefit from external funding or other arrangements to recover costs.

10.3. The Government has confirmed for 2019/20 that funding is available for local planning authorities (LPAs) in respect of neighbourhood planning. LPAs can claim £20,000 once a date has been set for a referendum following a successful examination. Area designation funding has not been available for the last years to the Council as it has already designated more than five areas.

10.4. The financial risks associated with planning were reviewed and updated as part of the budget-setting cycle for 2019/20. Risks are identified in relation to potential additional costs associated with progressing the Plan or any future challenge to it.

11. RISK IMPLICATIONS

11.1. Sustainable Development of the District and the Local Plan are both Cabinet Top Risks. The Sustainable Development of the District has a sub-risk that covers the risks arising from the duty to co-operate with neighbouring authorities.

12. EQUALITIES IMPLICATIONS

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

12.2. There are not considered to be any direct equality issues arising from this report. Future individual schemes or considerations may well be subject to appropriate review to ensure they comply with latest equality legislative need. Any risks and opportunities identified will also be subject to assessment for impact on those that share a protected characteristic.

13. SOCIAL VALUE IMPLICATIONS

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

14. HUMAN RESOURCE IMPLICATIONS

14.1. There are no new human resource implications arising from the contents of this report. Workload and vacancies are monitored on an on-going basis. Following a temporary internal secondment there are currently no vacancies within the Strategic Planning team with one officer on maternity leave.

15. APPENDICES

15.1. Appendix A – Host Authorities Joint Technical Response on London Luton Airport Expansion Statutory Consultation – October 2019

15.2. Appendix B – NHDC Response on London Luton Airport Expansion Statutory Consultation – October 2019

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17. BACKGROUND PAPERS

- 17.1. Host Authorities Joint Technical Review of London Luton Airport Expansion Statutory Consultation documents – October 2019
This document is currently available on request but will be published on the NHDC website in due course

Planning Act 2008 (as amended)

Application by London Luton Airport Limited (LLAL) for an Order granting
Development Consent for the
Expansion of London Luton Airport

PINS Reference: TR020001

Response to Statutory Consultation on behalf of the Host Authorities

Hertfordshire County Council, North Hertfordshire District Council,
Central Bedfordshire Council and Luton Borough Council



Planning Act 2008 (as amended)

Response to Statutory Consultation on behalf of

**Hertfordshire County Council, North Hertfordshire District Council,
Central Bedfordshire Council and Luton Borough Council**

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23 December 2019

1.0 INTRODUCTION

Context

- 1.1 This document provides a collective response by the host authorities to the statutory consultation documentation prepared by London Luton Airport Limited (“LLAL”) in respect of their project entitled “*Future LuToN: Making best use of our runway*” (the ‘Proposed Development’).
- 1.2 LLAL propose to increase the capacity of London Luton Airport (LTN) from the current consented capacity of 18 million passengers per annum (mppa) to 32 mppa and propose to apply for a DCO under the Planning Act 2008 (PA2008) as the Proposed Development is a nationally significant infrastructure project under Section 23 of that Act.
- 1.3 The Proposed Development includes a number of elements including *inter alia* an extended airfield platform, a new terminal, additional taxiways and aprons, additional parking, various airside and landside facilities, changes to surface access, surface water management, landscaping and replacement open space.
- 1.4 This response has been prepared by Vincent and Gorbing (V+G) and represents the collective response of :-
- Hertfordshire County Council (“HCC”)
 - North Hertfordshire District Council (“NHDC”)
 - Central Bedfordshire Council (“CBC”); and
 - Luton Borough Council (“LBC”)
- 1.5 Local authorities are identified as consultation bodies under the Infrastructure Planning (Environmental Impact Assessment) Regulations 2017 as each local authority that is defined within s43 of the PA2008.
- 1.6 Each of the above authorities fall into the s43 definition and each is in their own right a ‘host authority’ for the purposes of the Proposed Development as

some part of the land within their municipal area falls within the draft Development Order Boundary.

The WSP Technical Review

- 1.7 As well as this document, the host authorities are submitting a package of technical assessments of the statutory consultation documentation and an associated summary. This analysis has been prepared by environmental and engineering specialists at WSP and provides a detailed review of the content of the documentation. It has been the subject of consultation with various specialist officers within the host authorities and therefore can be taken as reflecting the detailed views of all four of the authorities. It will form the basis for further engagement with LLAL as the process moves forward.
- 1.8 It is not the intention here to repeat or summarise the detailed technical assessment work that has been undertaken by WSP. The intention of this document is to emphasise some broad strategic matters that are particular issues of concern to the host authorities. Equal weight should be given to the detailed technical assessment and the submitted documentation read as a whole.

Joint response and individual responses

- 1.9 In providing a single joint response in the form of the WSP package and this document, the host authorities emphasise the value of engagement wherever possible on a joint and co-ordinated basis throughout the DCO process. That said, the overall position of the authorities on the Proposed Development remains a matter for each authority and this document does not preclude individual authorities from expressing their views on the statutory consultation material as well as the overall case for or acceptability of the Proposed Development. However, the views expressed in this document are shared by all four authorities and for clarity the word 'we' in this document refers to those authorities.

Content of this document

1.10 This document makes comments on the following strategic issues:-

- Overall acceptability of the consultation material at this stage of the process (section 2.0);
- Policy considerations and the need for the Proposed Development (section 3.0)
- Cross topic issues concerning mitigation, management and monitoring (section 4.0);
- Particular issues regarding surface access and noise (section 5.0)

2.0 COMMENTS ON THE CONSULTATION MATERIAL AND ENGAGEMENT

2.1 Statutory consultation is an important stage in the DCO process and a crucial opportunity to properly explain the proposals, the evidence collected to date on the baseline, the likely environmental impacts and proposals for mitigation, compensation and monitoring.

2.2 Government guidance provided in the publication *'Planning Act 2008: Guidance on the pre-application process'* makes clear that the pre-application stage is crucial to the effective operation of the national infrastructure consenting regime. The guidance highlights that thorough pre-application engagement can *"give the Secretary of State confidence that issues that will arise during the six months examination period have been identified, considered, and – as far as possible – that applicants have sought to reach agreement on those issues."* It goes on to state that:-

"Without adequate consultation, the subsequent application will not be accepted when it is submitted. If the Secretary of State determines that the consultation is inadequate, he or she can recommend that the applicant carries out further consultation activity before the application can be

accepted.¹

- 2.3 In general, we are content that the *Statement of Community Consultation* (SoCC), published as part of the Statutory Consultation documentation, sets out an engagement process which is appropriate.
- 2.4 However, although we consider that the consultation material meets the statutory requirements of the Planning Act 2008, we are concerned by the lack of detail in some areas of the assessment, and the lack of published evidence base to support the assessments made to date. Whilst it is appreciated that the PEIR can only be a 'point in time' indication of progress at the time of the statutory consultation, undertaking this consultation with significant areas of technical work still to undertake and publish brings into question whether this consultation is premature and in that respect adequate.
- 2.5 The PEIR lacks transparency across a number of topics (particularly but not exclusively noise, air quality, surface access and health) in relation to data inputs, assumptions and assessments. This limits the degree to which the technical analysis can be properly scrutinised at this stage.
- 2.6 We are therefore particularly concerned by the amount of information still to be provided and agreed prior to the submission of the application which is presently planned by LLAL for mid-2020. To achieve adequate consultation will require a 'step change' in technical engagement following the completion of this statutory consultation. We are keen to work collaboratively with LLAL and believe that a clear project plan needs to be provided by LLAL to formalise the engagement process henceforward. This needs to set out clear milestones for the provision of technical work and allow appropriate time for us to properly review this technical work and reach agreement wherever possible prior to the submission of the application. It is clearly in both our and LLAL's interests to achieve such agreement and minimise the degree of technical debate during the examination process in order to give the Secretary of State the confidence to accept the application once it is submitted.

¹ *Planning Act 2008: Guidance on the pre-application process*, Department for Communities and Local Government, March 2015, para.19

- 2.7 WSP's review has identified a number of areas where the PIER is lacking in information, particularly around:-
- The description of the development itself;
 - Assessment of alternatives;
 - Full explanation of how consultation has informed the design of the Proposed Development;
 - Incomplete explanation of existing and future baseline;
 - Issues around assessment methods and data collection in some topics;
 - Lack of clarity around mitigation, enhancement and monitoring;
 - Incomplete Cumulative Effects Assessment.
- 2.8 We are particularly concerned that the description of the Proposed Development in the PEIR lacks clarity as to the phasing of the scheme, especially given the overall length of the construction period and the interaction of environmental effects at different stages of development.
- 2.9 To address this, a detailed description of the worst-case parameters of the proposals at the completion of each phase is required. WSP provide further analysis on this point in their technical assessment of the PEIR. The complexity of the phasing is such that WSP suggest year by year indicative plans and this is an approach that we fully endorse in order that there can be clarity as to the timescale for various elements of the Proposed Development to be brought forward and the related assessment of effects at each stage. This will be of particular value in the context of a comprehensive monitoring regime that we discuss further in Section 4.0 below. It will also allow clarity around EIA assessment years which is presently lacking.
- 2.10 It is clear from the PEIR that LLAL still have a considerable amount of technical work to complete prior to the submission of the application. Whilst it is appreciated that there must be a degree of fluidity in the proposals at this stage in the preparation of a DCO application in order that meaningful

consultation can take place that allows comments to influence the final proposals, there remains a lack of detail in certain areas of the environmental assessment work undertaken to date which makes providing a proper critique problematic.

- 2.11 The fixed programme for consideration of an application for a DCO once accepted is such that the level of scrutiny beyond this stage is necessarily focussed. It is essential that proper analysis of the technical and environmental issues is allowed for prior to the submission of the application. Indeed, in some areas (surface access being one, but others also), the amount of engagement prior to this statutory consultation has been insufficient. Detailed discussions regarding the drafting of the Development Consent Order itself, including mitigation and compensation proposals and protective provisions for the host authorities has also not taken place to date will also be needed.
- 2.12 The above comments need to be urgently addressed in the coming months in order that by the time the application is made we are able to be confident as to the adequacy of consultation and make representations to the Secretary of State accordingly.
- 2.13 In summary, we consider that the present lack of clarity in both the description of the development and the lack of detail in certain topic areas points to the need for a considerable amount of technical work and further engagement with statutory consultees prior to the submission of the application. Indeed, we consider that there may be a case for a further statutory consultation when the technical work is further advanced. Further consultation would allow for formal engagement with all statutory consultees and the local community. A more advanced scheme and additional technical work would ensure the fullest possible consideration of the proposals prior to submission.

3.0 POLICY CONSIDERATIONS AND THE NEED FOR THE SCHEME

Changing national policy

- 3.1 As accepted in the consultation material, national aviation policy is in a state of flux. A new Aviation Strategy is expected in Spring 2020. At the present time, the Aviation Policy Framework (APF) (2013), Making best use of existing runways (June 2018) and Airports National Policy Statement, June 2018 indicate that the government is supportive of airports beyond Heathrow making best use of their existing runways.
- 3.2 However, although if there is currently a national policy basis supporting the Proposed Development in principle, there must be some prospect that Government policy will change either before a decision on the application (which could therefore take any new policy into account) or during the phased expansion of the Airport. This is particularly so given that the Government has clarified the target of achieving net-zero greenhouse gas emissions by 2050 must cover the whole economy, including international aviation and shipping (IAS) emissions. The advice from the Climate Change Committee (“CCC”) to the Secretary of State dated 25 September 2019 makes clear that to achieve this will mean that *“demand cannot continue to grow unfettered over the long-term. Our scenario reflects a 25% growth in demand by 2050 compared to 2018 levels. This compares to current Government projections which are for up to a 49% increase in demand over the same period.”*² The Department for Transport has stated that the implications of the CCC’s recommended policy approach to aviation will be taken into account in further developing aviation policy through the Aviation 2050 process.
- 3.3 We consider that greater clarity is needed as to how future potential changes in policy on climate change and reduction in greenhouse gas emissions (including demand management) could be accommodated by the proposals in the future such that the growth of the airport can be managed within environmental limits. At the very least, LLAL needs to recognise and consider how to deal with the uncertainties in respect of future policy. In their technical

² Letter dated 25th September 2019 from Lord Deben, Chairman, Committee on Climate Change, to Grant Shapps MP, Secretary of State for Transport.

response, WSP have advised that LLAL should set out within the need case (and its greenhouse gases assessment as part of the ES) how it will seek to demonstrate alignment with potential targets and carbon budgets, through further sensitivity testing. We consider that this is a necessary element in proving the future consistency of the Proposed Development with the changing policy landscape.

Airports Capacity

- 3.4 Part of the case for the Proposed Development is continued and unrestrained growth and demand forecasts issued by the DfT in 2017. This premise needs to be full tested. Even on its own terms, the assumptions as to capacity at other airports within the south east will need to be updated to reflect the latest published master plans for Gatwick and London City Airport. Whilst we accept that this capacity is not presently consented, the potential delivery and timing of these proposals will have implications for the passenger allocation model used to estimate Luton's share of the market within Luton's catchment area. It will then be possible to properly assess whether the need case is robust or whether the cumulative result of all of the planned growth in the south east will be over supply.
- 3.5 In essence, it will be necessary to sensitivity test capacity scenarios and consider how these influence the assessment of effects within the Environmental Statement. Such sensitivity testing could materially alter the findings from the PEIR. As per our comments on consultation above, this will require further engagement across all topics, potentially on a statutory basis with all stakeholders.

Sub-regional and local planning context

- 3.6 Topic chapters of the PEIR vary in the extent to which they comprehensively set out EU Directives, national and local planning policy. It is clearly essential that the Environmental Statement thoroughly identifies all relevant policy and how this is relevant to the assessment process.
- 3.7 We assume that in due course an umbrella 'Planning Policy Compliance Statement' or similar will be prepared and submitted with the application to

assess in one document the overall compliance or conflict with all aspects of planning policy. As well as the NPS, LLAL should demonstrate the role played by the National Planning Policy Framework and the applicable development plans in the design development of the proposals. Although not explicitly referred to in section 104 of the PA2008, they are documents that are likely to be considered 'important and relevant' to the Secretary of State's decision under section 104(2)(d) of the PA2008.

- 3.8 Moreover, the proposed expansion at Luton Airport is outside of any statutory plan-making process. The scale of the proposal is such that it will clearly have fundamental consequences for *future* plan-making for the host authorities.
- 3.9 On the one hand, we are keen to ensure that the economic benefits for the sub-region are maximised. The Outline Employment and Training Strategy is clearly at an early stage and it will be fundamental to ensure that if the Proposed Development does proceed, the construction and operational phases support local access to employment both by education and training and by infrastructure that supports ease of transport to the direct, indirect and induced employment that will result. It is also important to ensure that supply chain opportunities are maximised, particularly for small and medium sized business in the locality. We consider that LLAL should look to good practice at other airports – in particular the Heathrow Economic Development Framework³ and the Stansted Employment and Skills Academy⁴ – that set out proactive strategies that could be included at Luton.
- 3.10 However, the proposed development is of a scale that is likely to result in demographic consequences and increased pressure on housing and community infrastructure. We note that the impact on housing, in particular, is not considered in the PEIR and will be considered in the Environmental Statement. Pressure on housing, particularly in respect of affordability, may lead to increased future housing requirements that will be for the local authorities to address in their Local Plans subsequent to any DCO being made. In preparing the ES, it is important that LLAL engage with the plan-

³ <https://aec.heathrowconsultation.com/wp-content/uploads/sites/5/2019/06/Economic-Development-Framework.pdf>

⁴ <https://www.stanstedairportacademy.com/>

making functions of the host authorities in order to fully explore this issue.

Planning policy compliance – including Green Belt

- 3.11 With specific reference to intrusion of the development into the Green Belt, the options analysis makes reference in a number of places as to how alternative development layouts were considered, with Green Belt policy being one of a number of factors taken into consideration as part of the optioneering.
- 3.12 We consider that it will be necessary to demonstrate in detail that the Proposed Development minimises all impacts on the Green Belt both in principle and in practice, considering the openness and permanence of the Green Belt and the five purposes of the Green Belt set out in paragraph 134 of the National Planning Policy Framework. This will need to assess both direct impacts and the visual amenity of the Green Belt by impacts effecting its setting. How the Green Belt has played a role in the detailed scheme development is fundamental to this understanding.

4.0 CROSS TOPIC ISSUES

Construction impacts

- 4.1 Given the scale and duration of the construction, considerably more detail is required as to the construction process itself, including a more detailed explanation of the construction activities allied to the phasing of the development. Information about construction is presently limited and as such the assessment of effects at each phase of the Proposed Development and the effectiveness of mitigation during construction cannot at present be properly considered.
- 4.2 Clearly, construction activities to deliver later phases will be taking place in parallel with operation of earlier phases. It is unclear whether or how temporally overlapping construction and operational effects have been or will be assessed. We are particularly concerned to ensure a full assessment of noise and vibration during the construction phase which at present is not included in the PEIR.

- 4.3 It will clearly be necessary to have a comprehensive suite of documents to control the construction process either within one comprehensive Code of Construction Practice or as separate documents dealing with environmental mitigation and construction traffic management. These documents will be fundamental to the successful mitigation of construction effects across all environmental topics. We consider that agreement to these documents at an early stage is essential in order to provide certainty in the delivery of construction stage mitigation and would envisage that wherever possible they should be certified documents within the Development Consent Order rather than being subject to future approvals. They should include detailed monitoring regimes and a clear understanding of how construction activities will be modified if environmental objectives are breached.

Future Baseline(s)

- 4.4 WSP highlight in their technical review that the Do-Nothing alternative was discounted from LLAL's sifting process on the basis that it does not deliver LLAL's strategic economic objectives. It is, however, considered necessary to assess the Do-Nothing scenario to inform the future baseline scenario as required by Schedule 4 of the Infrastructure Planning EIA Regulations 2017. The future baseline with no development taking place needs to be clearly established and consistently applied across all topics.
- 4.5 Indeed, it is fundamental to the communities around the airport (and hence the host authorities) to understand assumptions as to changes outside of the scheme itself that may change the future baseline (for example the change in the aircraft fleet or fleet of road vehicles accessing the airport). There needs to be clear 'with' and 'without' development scenarios as the phasing of the scheme progresses.
- 4.6 Indeed, the phased nature of the Proposed Development is such that a number of future baselines need to be established. At present, there is a lack of clarity as well as inconsistency as to assessment years within the PEIR. Future baseline assessment years need to be established within the ES and used on a consistent basis across all topics.

Monitoring and environmentally managed growth

- 4.7 At present, there is a lack of detail across all topics as to future monitoring and environmental management allied to a comprehensive Mitigation Route Map. This is a key area of concern as enforcing compliance with the DCO will fall to the host authorities. We consider that a comprehensive approach to Environmentally Managed Growth is essential.
- 4.8 WSP recommend a separate section in the ES on monitoring to make it clear what monitoring is to be carried out during construction and operational phases. This should set out monitoring methods and potential additional adaptive measures that could be implemented to ensure predicted effects are not exceeded and assumed targets with mitigation are achieved.
- 4.9 We consider that the DCO itself will need to include control mechanisms that provide safeguards for affected communities in a manner which gives confidence that mitigation to address the assessed effects will be delivered as the Proposed Development is constructed in phases and which introduces conditionality – growth only proceeds to next phase in the event that certain prescribed limits/targets are met. Adaptive monitoring and management processes should be set out, based on a robust assessment of the range of potential effects of the Proposed Development (including sensitivity testing), taking account of the possible need for consequential or corrective mitigation and how these will be delivered if required. We will need to agree a compliance assessment process, designed to monitor and manage implementation in consultation with local communities. Together with a comprehensive monitoring framework, this will provide transparency as to how the effects of the Proposed Development will be controlled within the worst case assumptions of the ES. A framework for adaptive changes will be needed in order to implement an Environmentally Managed Growth strategy which should allow for operational controls or alternative and additional mitigation. The monitoring of outcomes versus predictions/assumptions (for example the modal shift assumptions contained in the surface access strategy) can then be considered alongside this package of adaptive mitigation measures, allowing clarity over the control of unforeseen local impacts.

- 4.10 The auditing and approvals process will inevitably be administered by the host authorities and the DCO should provide for the necessary resources to ensure it is effective.

Health

- 4.11 As set out in our response to the Scoping Report, we remain of the view that the in-combination effects of the Proposed Development across topics (particularly noise and air quality) on local communities need to be comprehensively assessed in a separate Health Impact Assessment (HIA). As well as considering receptors generally across the affected areas, specific vulnerable groups (children, pregnant women, elderly people, malnourished people, and people who are ill or immunocompromised) within the population, who might experience disproportionate effects, have not presently been identified. This is a fundamental principle of Health Impact Assessment (HIA) and needs to be considered in detail.

Compensation and 'FIRST'

FIRST Scheme

- 4.12 Clarity over the operation of the 'FIRST' compensation scheme is essential. We have had no meaningful engagement on this proposed compensation fund. As set out in the WSP assessment, the key issues are :-
- Clarification of and justification for geographical coverage including confirmation that it would apply to LBC as well as the other host authorities as 'neighbours' to the airport
 - How the figure of £1 for every passenger over 18 mppa has been arrived at; whether it is proportionate compensation for the harm caused by the Proposed Development and whether it should be extended to allow for unforeseen impacts identified through monitoring; in our submission, defining a compensation figure at this time when the full extent of impacts has not been fully assessed is premature;
 - Type of schemes that are being considered – i.e. whether this would fund

highway schemes if monitoring indicated further improvements were necessary – and how they would be delivered;

- Management of the scheme.

4.13 We consider that the FIRST scheme might reasonably be expanded to play a role in the Environmentally Managed Growth approach outlined above, as part of the an Unforeseen Local Impacts Mitigation Strategy, cover a range of topics including *inter alia* air quality, landscape, biodiversity, surface access and carbon emissions, providing a resource to deliver additional mitigation particularly where monitoring demonstrates that the environmental effects assumed within the ES are being exceeded.

4.14 A range of initiatives might fall into this scheme such as additional public transport initiatives, landscape payments or proposals engaging with surrounding landowners to fund additional planting as landscape or climate change compensation and quality of life initiatives targeted at vulnerable groups identified through the Health Impact Assessment.

4.15 We would want to ensure that each authority has oversight as to how such funding is spent in their particular administrative area.

Relationship to Wigmore Valley Park

4.16 Within the context of community based mitigation, further clarity is required as to the future management of Wigmore Valley Park including the nature of that management and how long it would continue. LLAL need to be able to demonstrate that safeguards are in place to ensure the successful future management of the extended park delivers on the mitigation it is designed to address (including recreational impact and biodiversity enhancement). It is also unclear whether or when this park will be handed over to the host LPA. It is noted that the preparatory works to create the Wigmore Park extension could be subject to an advanced planning permission but this approach has not been discussed or agreed.

Noise insulation scheme

- 4.17 We also consider that further detailed discussion will be required in respect of the proposed noise insulation scheme, particularly in respect of night time noise, when the insulation would be made available and the type of noise insulation measures that will be offered. In addition, we consider that the threshold for full noise insulation should be reduced from 63dB LAeq, 16hr to 60d LAeq, 16hr in accordance with emerging Government Policy in Aviation 2050. We also consider that the noise compensation scheme should be made available during construction, particularly given the length of the phased development.

5.0 TOPIC SPECIFIC ISSUES

- 5.1 WSP have undertaken a topic by topic assessment of the PEIR and their comments will provide the basis for further engagement. We do not repeat these in detail here but raise specific concerns on (i) surface access, given this has significant cross-topic implications and (ii) Noise, given the particular concerns of the host authorities on the assessment of this topic to date.

Surface Access

- 5.2 The PEIR suggests a significant increase in public transport mode share from a baseline 31% of 15.6 mmpa to 45% of 32 mmpa by bus and rail passenger transport. The assumptions to justify this mode need to be fully explained and understood in order to fully evidence that it is achievable. At present, the extent of additional public transport infrastructure beyond that already planned is limited and more detail will be required on a comprehensive Green Travel Plan which demonstrates how passengers and employees are going to access the airport by public transport. LLAL should be looking to best practice such as the Stansted Airport Discount Scheme on public transport (Stansted Commuter), as an example of a project to assist with sustainable transport and also encourage lower paid workers to take advantage of the employment opportunities at the airport.
- 5.3 In any event, we consider this mode share to be a 'best case' rather than a

‘worst case’ scenario. Given the relatively limited highway interventions proposed, this figure needs to be fully justified and sensitivity tested. As set out in our response to the Scoping Report, we consider that all the various modelling scenarios need to have a sensitivity test run with public transport uptake set at its current level in order to ensure the assessment of the worst case scenario. This will clearly have implications for *inter alia* noise, air quality and health effects. It is essential that sufficient time is allowed to ensure the highways authorities agree the modelling assumptions and outputs well before the application is lodged with the Secretary of State.

- 5.4 Sensitivity testing should allow for a comprehensive assessment of further highways interventions that may be needed; these may usefully be embraced in the Environmentally Managed Growth strategy identified above. The potential need for and deliverability of additional mitigation must be scrutinised in detail including the funding arrangement should the need for further improvements arise.
- 5.5 We consider that further clarity is required as to the relationship between surface access modelling and car parking provision. We remain concerned that provision by private operators may undermine the strategy for a relative reduction in parking provision per mppa, and could further have localised impacts within those communities where this off-site parking provision occurs.
- 5.6 We also have a specific concern regarding the apparent assumption that the highway works proposed within the East Luton Study will be implemented and will form part of the future baseline. This is not the case as not all of the highway works have been funded. This needs to be discussed in detail with LBC but in essence, any schemes on which LLAL place reliance that are not funded should be within the DCO Order Limits and assessed as part of the ES.

Noise

- 5.7 We accept that there has been initial discussion through the Noise Working Group and the Noise Envelope Design Group (NEDG) but we remain concerned by the assessment of this topic to date. We consider that this is a

key environmental issue in terms of the acceptability of the Proposed Development and believe that significant further engagement, monitoring, (including attended monitoring and assessments) will be required.

- 5.8 We note that the noise baseline is set for 2017 and the air noise assessment fails to fully take account of existing noise controls; night time noise levels were breached in 2017, 2018 and 2019, with daytime noise levels breached in 2019 as well. The noise model is insufficiently accurate to identify the future benefits of new generation lower noise aircraft or the implications of the extent of fleet change not materialising as expected. This emphasises our general point above regarding clarity as to future baselines. Overall, the conclusions of the noise assessment in the PEIR are not robustly supported by the analysis. No monitoring regime is articulated and this needs to be considered within the context of the wider Environmental Managed Growth agenda discussed above.
- 5.9 Moreover, we question why consideration has not been given to the possibility of a night-flight ban. The ANPS includes an expectation by government that there will be a ban on scheduled flights within a 6.5h period between 23h00 and 07h00⁵ and this is already being considered within the environmental assessment of the expansion plans of London Heathrow Airport. This would represent a significant benefit to local communities within the context of the substantial growth being planned by LLAL.

⁵ Airport National Policy Statement, June 2018, paras. 3.54, 5.62.

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23 December 2019

London Luton Airport Ltd

Our Ref: LtnApt/Stat Consultation

Oct-Dec2019

By Email:

Futureluton@llal.org.uk

E-mail : paul.clark@north-herts.gov.uk

Dear Sir,

Future LuToN Making best use of our runway London Luton Airport Limited

Public consultation – 16 October to 16 December 2019

Thank you for the opportunity to comment during the extended consultation period until 24th December for your expansion proposals.

This North Hertfordshire response is separate and in addition to the collective response of the four host authorities of Central Bedfordshire, Luton, North Hertfordshire and Hertfordshire County councils.

Whilst we acknowledge that there may be some economic benefits that would come with the growth of London Luton Airport any benefits do need to be balanced against the environmental impact any expansion would have on the neighbouring district areas.

Climate Change:

In May 2019, North Hertfordshire District Council declared a Climate Emergency. The Emergency noted the findings of the Intergovernmental Panel on Climate Change (IPCC) of October 2018.

The summary of the IPCC's report painted a sobering picture of the potentially adverse impacts of allowing global mean surface temperature to rise by 2⁰C compared with pre-industrial levels. Such impacts include; - more extreme weather, sea level rises and ocean acidification, with detrimental effects on wildlife, crops, water availability and human health.

In line with this report, the Committee on Climate Change (CCC) has recommended a new emissions target for the UK, which is net-zero greenhouse emissions by 2050. This also includes the reductions in emissions from aviation, the CCC's present planning assumption is that UK aviation emissions in 2050 should be around their 2005 level. Key to reducing emissions in UK aviation will be the steps taken to limit growth in demand as the CCC stated: *in the absence of a true-zero-carbon plane, demand cannot continue to grow unfettered over the long-term*. In September 2019 the CCC wrote to the Secretary of State for Transport advising that key to achieving net-zero emissions by 2050 was to limit demand growth to at most 25% above current levels, with potential to reduce emissions further with lower levels of demand.

The Department of Transport has stated that the implications of Parliaments (May 2019) declared environment and climate emergency and the CCC's recommended policy approach to aviation will be taken into account in further developing its aviation policy through the Aviation 2050 process. Given the current DCO timeframe, new aviation policy should be in place with demand limits before a decision on this DCO is made. Therefore, NHDC is strongly of the view that LLAL should wait and fully consider the implications of the governments new Aviation Policy before progressing further.

Consultation Evidence Base:

As can be seen for the joint response by the host authorities the current evidence base for the consultation is deficient in some areas and clearly further engagement and monitoring is required in areas such as noise (including the potential for a ban on night flights and reasons why this is not being considered), surface access (the impacts on the network for all modes, and the potential mitigations required, are currently not satisfactorily evidenced, see further point below), air quality (to include the impact of road and air traffic), employment and skills strategy (all of which require more detailed assessments), and bringing forward a comprehensive monitoring, mitigation and compensation strategy which are of key importance to North Hertfordshire as well as the purpose and management of the relocated park.

We wish to be very clear that the park should have no detrimental impact upon our residents through loss of agricultural land. Nor should the park have any impact at any time on the Council budget, for example through on-going maintenance and operating costs, and congestion on our rural roads resulting from visitors. Therefore we expect that LLAL or any subsidiary will be fully responsible for all the costs now, and in the future with regard all aspects relating to the park. We would also wish LLAL to be clear on the purpose and benefits of the park rather than just stating it is a relocation project to enable

the airport and Century Park to expand. We would expect the assessment of reasonable alternatives to at least test a scenario of the development without the expansion of the park into North Hertfordshire in order to justify its relocation. We would also expect to see specific analysis as to how the scheme in terms of its development/design/mitigation will minimise the impact on Green Belt aims.

On the FIRST compensation scheme the Council would wish to see more detail on other compensation elements that could be included, such as dynamic landscaping payments to be agreed later with surrounding land owners, and air quality mitigation (which can include financial payments for monitoring, planting and even traffic restrictions for major projects). NHDC would want to be signatories to any S106 and have oversight over control of how the money is spent in our District. We would welcome further discussion with LLAL on this point.

In addition to the point raised regarding surface access the Council is particularly concerned at the lack of modelling regarding the potential impact of traffic on the rural roads through rat-running to the east of the airport within North Hertfordshire and the suggested road improvements in Hitchin along the A505 and A602. These suggested improvements are likely to increase and bring the traffic closer to residential properties and possibly lead to the decline in air quality standards. The works proposed are along one of the routes the traffic to the airport is likely to take and are in two Local Air Quality Management Areas, and could impact on health of the local community and the location of our air quality monitoring station. The Council is equally concerned regarding the traffic impacts along the A505 corridor as it passes through Letchworth linking the airport further eastwards and northwards towards Central Bedfordshire and South Cambridgeshire, and would expect to see the A505 corridor included in the modelling.

In terms of construction impacts, the Council would not wish to see construction traffic using the NHDC area and would expect noise and vibration to be minimised as much as possible as the nearest property is only 25 metres away.

Given these factors, North Hertfordshire is strongly of the view that there needs to be at the very least a further period of consultation once the evidence base is complete for everyone affected by the project before the formal application to the DCO is lodged.

Yours faithfully

Cllr Paul Clark
Executive Member for Planning & Transport

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CABINET
28 JANUARY 2020

PART 1 – PUBLIC DOCUMENT

TITLE OF REPORT: BALDOCK, BYGRAVE AND CLOTHALL NEIGHBOURHOOD PLAN – REGULATION 16 CONSULTATION

REPORT OF THE SERVICE DIRECTOR - REGULATORY

EXECUTIVE MEMBER: PLANNING AND TRANSPORT

CURRENT COUNCIL PRIORITY: ATTRACTIVE AND THRIVING

NEW COUNCIL PRIORITY: BUILD THRIVING AND RESILIENT COMMUNITIES

1. EXECUTIVE SUMMARY

- 15.1 To consider the documentation submitted by the Baldock, Bygrave and Clothall Neighbourhood Planning Group and agree to publish the documents for public consultation.

2. RECOMMENDATIONS

- 2.1. That public consultation for the Baldock, Bygrave and Clothall Neighbourhood Plan be approved.

3. REASONS FOR RECOMMENDATIONS

- 3.1. To enable public consultation on the proposed submission Baldock, Bygrave and Clothall Neighbourhood Plan 2019 – 2031 before the neighbourhood plan is submitted for examination by an independent examiner.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. No alternative options are considered applicable as the documentation submitted by the Baldock, Bygrave and Clothall Neighbourhood Planning Group fulfils the requirements of the Neighbourhood Planning (General) Regulations 2012 as amended and therefore there is no reason not to continue to public consultation.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1. In preparing the submission version of the Baldock, Bygrave and Clothall Neighbourhood Plan, the Steering Group have undertaken a significant amount of public consultation and have held meetings with Councillors to update them about progress on the neighbourhood plan over an extended period of time.
- 5.2. The Executive Member and Deputy Executive Member have been kept informed about the neighbourhood plan.

6. FORWARD PLAN

- 6.1 This report contains a recommendation on a key Executive decision that was first notified to the public in the Forward Plan on the 20 December 2019.

7. BACKGROUND

- 7.1. Bygrave Parish Council submitted an application to designate the parishes of Bygrave and Clothall and the unparished area of Baldock as a single neighbourhood planning area in February 2017. Following a period of public consultation, the Baldock, Bygrave and Clothall neighbourhood planning area was designated by Cabinet on 25 July 2017. In that report it was recognised that Bygrave Parish Council would act as the Qualifying Body for the neighbourhood plan and that the Baldock, Bygrave and Clothall Planning Group would ensure that there was representative governance in place for the preparation of the neighbourhood plan.
- 7.2. In July 2018, Cabinet granted delegated powers to approve public consultation on neighbourhood plans. This recognised the benefit of making timely decisions where there are no alternative options. However, Neighbourhood Plans covering more than one electoral ward must still be referred to Cabinet as a Key Decision. This is the case with Baldock, Bygrave and Clothall.
- 7.3. The neighbourhood planning steering group published a draft neighbourhood plan for public consultation between Tuesday 7 May 2019 and Tuesday 18 June 2019.
- 7.4. Following this consultation on the draft neighbourhood plan, the plan has been amended and has been submitted to the Council for public consultation

8. RELEVANT CONSIDERATIONS

- 8.1. The Neighbourhood Planning (General) Regulations 2012 as amended set out the documentation which must accompany a proposed plan. This includes:
 - A map or statement identifying the area to which the neighbourhood plan relates;
 - A consultation statement;
 - The proposed neighbourhood plan;
 - A “basic conditions” statement; and

- Either a screening opinion confirming that the plan proposal is unlikely to have significant environmental effects; or an environmental report in accordance with the Environmental Assessment of Plans and Programmes Regulations 2004.
- 8.2. The Neighbourhood Planning (General) Regulations 2012 state that as soon as possible after receiving a plan proposal which includes each of those documents, the local planning authority must undertake a consultation on that plan.
- 8.3. The documentation submitted by Bygrave Parish Council fulfils the requirements of the Neighbourhood Planning (General) Regulations 2012 as amended and therefore there is no reason for the Council as Local Planning Authority not to continue with the public consultation for the Baldock, Bygrave and Clothall Neighbourhood Plan. The submitted documents are available to view on the Council's website : <https://www.north-herts.gov.uk/home/planning/planning-policy/neighbourhood-planning/baldock-bygrave-and-clothall-neighbourhood-plan>.
- 8.4. In approving the public consultation for the Baldock, Bygrave and Clothall Neighbourhood Plan, this does not preclude the Council from making representations on the neighbourhood plan during the consultation period.
- 8.5. It is proposed that consultation will take place from Wednesday 12 February to Wednesday 25 March 2020 in parallel with consultation on the Developer Contributions SPD and the revised Statement of Community Involvement which are subject to separate reports to this meeting.

9. LEGAL IMPLICATIONS

- 9.1. Under the Terms of Reference for Cabinet paragraph 5.6.18 of the Constitution states that the Cabinet may exercise the Authority's functions as Local Planning Authority (LPA) and to receive reports on: strategic planning matters, applications for, approval/designation, consultation/referendums revocations (or recommend revocation of) neighbourhood plans Article 4 Directions and orders, (except to the extent that those functions are by law the responsibility of the Council or delegated to the Service Director: Regulatory).
- 9.2. Paragraph 6 of Schedule 4B of the Town and Country Planning Act 1990 provides that when assessing the neighbourhood plan the LPA must consider whether the Parish Council or neighbourhood forum is authorised to act.
- 9.3. Sections 38 A and B of the Planning and Compulsory Purchase Act 2004 further provides that when assessing the neighbourhood plan the LPA must consider whether the proposal and accompanying documents:
- comply with the rules for submission to the LPA;
 - meet the definition of NDP; and
 - meet the scope of NDP provisions and
 - whether the parish council or neighbourhood forum has undertaken the correct procedures in relation to consultation and publicity.

- 9.4. Regulation 16 of The Neighbourhood Planning (General) Regulations 2012 provides the LPA must publicise the plan proposal on its website and include:
- the details of the Plan;
 - where and when it can be inspected;
 - how to make representations on the plan proposals;
 - that a representation can include a request to be notified of the LPA decision on the plan proposal, and
 - the deadline for receipt of the proposals (this must be not less than 6 weeks from the first day the proposed plan is publicised).

10. FINANCIAL IMPLICATIONS

- 10.1. The cost of undertaking public consultation for the Baldock, Bygrave and Clothall Neighbourhood Plan will be met from the existing Neighbourhood Plan earmarked reserve (balance of £41k at December 2019) which came about from previous Ministry of Housing, Communities and Local Government (MHCLG) funding following designation of neighbourhood planning areas.
- 10.2. This reserve will also be used to fund the costs associated with the examination of the neighbourhood plan and any subsequent referendum.
- 10.3. Until March 2020, the local planning authority can claim £20,000 from the MHCLG once a neighbourhood plan has gone through a successful examination process and a date has been set for a referendum. It is not known whether this support will continue in future years.

11. RISK IMPLICATIONS

- 11.1. There are no direct risk implications from this report but Sustainable Development of the District and the Local Plan are both Cabinet top risks.

12. EQUALITIES IMPLICATIONS

- 12.1. In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2. There are no considered to be any direct equality issues arising from this report. Future individual schemes or considerations may well be subject to appropriate review to ensure they comply with latest equality legislative need. Any risks and opportunities identified will also be subject to assessment for impact on those that share a protected characteristic.

13. SOCIAL VALUE IMPLICATIONS

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

14. HUMAN RESOURCE IMPLICATIONS

- 14.1. Consultation for the submission draft Baldock, Bygrave and Clothall Neighbourhood Plan SCI will be undertaken by existing staff.

15. APPENDICES

- 15.1 None

16. CONTACT OFFICERS

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17. BACKGROUND PAPERS

- 17.1. Designation of a Neighbourhood Planning Area for Baldock, Bygrave and Clothall – Cabinet report – 25 July 2017
- 17.2. Letter from Bygrave Parish Council – 18 December 2019
- 17.3. Baldock, Bygrave and Clothall Neighbourhood Plan – Submission Version – December 2019
- 17.4. Baldock, Bygrave and Clothall Neighbourhood Plan – Evidence report – December 2019 (Incorporating the Consultation Statement and Basic Conditions Statement)
- 17.5. Baldock, Bygrave and Clothall Neighbourhood Plan - Strategic Environmental Assessment Screening Determination Statement – April 2019

- 17.6. Baldock, Bygrave and Clothall Neighbourhood Plan – Design Guidelines, AECOM – March 2019
- 17.7. Land North of the Railway, Baldock - Landscape and Visual Appraisal, AECOM – November 2019

These documents will be available on the website: <https://www.north-herts.gov.uk/home/planning/planning-policy/neighbourhood-planning/baldock-bygrave-and-clothall-neighbourhood-plan>

CABINET
28 JANUARY 2020

PART 1 – PUBLIC DOCUMENT

TITLE OF REPORT: STATEMENT OF COMMUNITY INVOLVEMENT – DRAFT FOR PUBLIC CONSULTATION

REPORT OF THE SERVICE DIRECTOR - REGULATORY

EXECUTIVE MEMBER: PLANNING AND TRANSPORT

CURRENT COUNCIL PRIORITY: PROSPER AND PROTECT

NEW COUNCIL PRIORITY: BE A MORE WELCOMING AND INCLUSIVE COUNCIL / SUPPORT THE DELIVERY OF GOOD QUALITY AND AFFORDABLE HOMES

1. EXECUTIVE SUMMARY

- 1.1 To consider the revised draft Statement of Community Involvement and agree that it is published for public consultation.

2. RECOMMENDATIONS

- 2.1. That the Council's current Statement of Community Involvement should be revised and replaced having regard to the factors outlined in this report.
- 2.2. That, subject to recommendation 2.1, the revised draft Statement of Community Involvement (SCI), attached as Appendix A to this report, be noted and approved for a six-week public consultation.

3. REASONS FOR RECOMMENDATIONS

- 3.1. Officers consider that the SCI should be updated to reflect changes in legislation, technology and Regulations.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. To determine, following a review, that there is no requirement to revise and replace the Council's current SCI. This option is not recommended for the reasons set out below.

- 4.2. To produce a revised draft SCI with different content or requirements to those set out in Appendix A. This option is not recommended. Officers consider the attached draft contains an appropriate framework of measures to ensure effective engagement with the community on planning matters. This is a consultation document and any comments or suggestions received in response to the proposed consultation can be taken into account prior to finalising the document.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1. The Executive Members and Deputy Executive Members for Community Engagement and Planning and Transport have been given the opportunity to comment on the draft revised SCI. No comments have been received.

6. FORWARD PLAN

- 6.1 This report contains a recommendation on a Key Executive decision that was first notified to the public in the Forward Plan on the 15 November 2019.

7. BACKGROUND

- 7.1. The Statement of Community Involvement (SCI) sets out how the Council will consult the local community in preparing local planning documents, in undertaking relevant consultations for neighbourhood plans and in consultations for planning applications.
- 7.2. The SCI was last updated in 2015 and adopted by the Council on 3 September 2015. The Town and Country Planning (Local Planning) (England) (Amendment) Regulations 2017 introduced a requirement that a review of an SCI must be completed every five years, starting from the date of adoption.
- 7.3. Planning Practice Guidance states that this review should consider whether existing policies remain relevant and effectively address the needs of the local community. Following review the relevant policies should then be updated as necessary.

8. RELEVANT CONSIDERATIONS

- 8.1. A Statement of Community Involvement was first published by the Council in 2006 and last reviewed in 2015. The changes made in the 2015 review were made to reflect how the Council would deal with the increasing use of social media and on-line petitions.
- 8.2. Having reviewed the 2015 version of the SCI, officers recommend that it is revised and updated. As well as generally updating the text, revising the SCI will ensure it remains relevant and effective by:
- reflecting further changes in technology and the use of social media;
 - ensuring consistency with relevant legislation and regulations;
 - providing further guidance on neighbourhood planning matters; and

- outlining particular matters that should be taken into account by developers when bringing forward relevant planning applications.
- 8.3. The most significant amendments in the 2020 draft proposed SCI include:
- how the District Council will undertake statutory consultations for neighbourhood plans;
 - an appendix which sets out some guidelines of the support that the District Council will offer neighbourhood planning groups;
 - encouraging developers to consider the need for seeking to resolve construction management issues at the earliest stage of the planning process; and
 - encouraging developers of strategic development proposals (i.e over 500 dwellings) or contentious development proposals to undertake presentations to the relevant Area Committee.
- 8.4. The Localism Act 2011 introduced neighbourhood planning into the planning system. Whilst consultation during the early stages of neighbourhood planning is undertaken by the neighbourhood planning qualifying body, the SCI should set out how the District Council will undertake consultation during the later stages of the neighbourhood plan. Officers consider that it is also appropriate to include some guidelines which set out how the District Council will support neighbourhood planning groups given the Council does not have a dedicated neighbourhood planning officer.
- 8.5. Recently, local residents and members in the consideration of planning applications have expressed concerns regarding construction management traffic and in particular, construction vehicle access routes to development sites. It is proposed to include a paragraph in the SCI which will encourage developers of large scale sites or those sites with large traffic numbers or traffic movements or sensitive sites to consider construction management issues at the earliest stage of the planning process and to consult the local community before an application is submitted. These consultations would include the routes proposed as well as any temporary restrictions proposed to facilitate access to the site.
- 8.6. With the Local Plan at a more advanced stage of preparation, there are a number of strategic sites which might come forward for development in the future. The SCI has also been amended to encourage developers of strategic sites or sites which are of a significant scale and local interest to consider undertaking presentations to the relevant Area Committee.
- 8.7. It is proposed that local community groups, Parish Councils, developers and their agents and should be directly consulted on the proposed changes to the SCI. The consultation document will also be available for six weeks on the Council website and will be undertaken in parallel with consultation on the Developer Contributions SPD and the Baldock, Bygrave and Clothall Neighbourhood Plan which are subject to separate reports to this meeting. It is proposed that consultation on all three documents will take place from Wednesday 12 February to Wednesday 25 March 2020. Details of how the consultation will be advertised will be discussed and agreed with the Executive Member.

9. LEGAL IMPLICATIONS

- 9.1. Under the Terms of Reference for Cabinet, paragraph 5.6.18 of the Constitution states that the Cabinet should exercise the Council's functions as Local Planning Authority except where functions are reserved by law to the responsibility of the Council or delegated to the Service Director – Regulatory. The SCI does not form part of the Council's Policy Framework as set out in Paragraph 4.2 of the Constitution.
- 9.2. The Town and Country Planning (Local Planning) (England) Regulations 2012 as amended, require that a review of a Statement of Community Involvement must be completed every five years.
- 9.3. The Planning and Compulsory Purchase Act 2004 as amended requires that, should a local planning authority decide not to revise the SCI, they must publish their reasons for considering that no revisions are necessary.

10. FINANCIAL IMPLICATIONS

- 10.1. The costs of running the consultation for this draft Statement of Community Involvement will be covered in existing budgets.
- 10.2. The consultations which will take place using the SCI in the future will be covered by existing budgets.

11. RISK IMPLICATIONS

- 11.1. There are no risk implications from this report but Sustainable Development of the District and the Local Plan are both Cabinet Top Risks.

12. EQUALITIES IMPLICATIONS

- 12.1. In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2. An Equalities Impact Assessment has been undertaken and is attached as Appendix B. The SCI has identified a number of groups within the community which tend not to engage with local planning issues. These groups include working age people, people with disabilities, black and ethnic minority groups, young people and gypsy and traveller communities. Work will continue with the Policy and Community Engagement Team to encourage these groups to participate in planning consultations.

13. SOCIAL VALUE IMPLICATIONS

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

14. HUMAN RESOURCE IMPLICATIONS

- 14.1. Consultation for the draft SCI will be undertaken by existing staff. Future consultations which are undertaken will also be undertaken within existing resources.

15. APPENDICES

- 15.1. Appendix A – Revised draft Statement of Community Involvement for public consultation – January 2020
- 15.2. Appendix B – Equalities Impact Assessment for the revised draft Statement of Community Involvement – January 2020

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17. BACKGROUND PAPERS

- 17.1. North Hertfordshire Local Plan: Revised Statement of Community Involvement - Cabinet report – 28 July 2015 (Minute 33)
- 17.2. Full Council - North Hertfordshire Local Plan: Revised Statement of Community Involvement – Item referred from Cabinet – 3 September 2015 (Minute 46)
- 17.3. The Town and Country Planning (Local Planning) (England) Regulations 2012
- 17.4. The Town and Country Planning (Local Planning) (England) (Amendment) Regulations 2017

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North Hertfordshire District Council

Statement of Community Involvement for Planning

Draft for Consultation

January 2020

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1. Introduction

- 1.1. The Statement of Community Involvement (SCI) sets out how you can influence planning matters in North Hertfordshire. This includes explaining how you can be involved in:
 - ❖ The preparation and review of the Local Plan;
 - ❖ Neighbourhood planning; and
 - ❖ Individual planning applications for development.
- 1.2. In addition, the SCI sets out the Council's expectations upon developers with regard to involving the community in planning proposals.
- 1.3. The SCI reflects the latest planning policy guidance and changes to legislation. The Council, as the local planning authority, is required to prepare an SCI in accordance with Section 18 of the Planning and Compulsory Purchase Act 2004.
- 1.4. The first Statement of Community Involvement (SCI) was adopted by the Council in 2006 with further revisions in 2012 and 2015.
- 1.5. The SCI needs to be reviewed as the legislation has been amended to include a duty on local planning authorities to review their SCIs every five years. Additionally, the Neighbourhood Planning Act 2017 has introduced a requirement on local planning authorities to include within their SCIs their policies for giving advice and assistance on making and modifying neighbourhood development plans and on making neighbourhood development orders.
- 1.6. The District Council published a Consultation Strategy in September 2015. Whilst the SCI has been prepared with reference to the Consultation Strategy, it is specifically written for planning policy consultations and consultations associated with planning applications.
- 1.7. This draft SCI will be published for a six week public consultation, **xxxx to xxxx**. The documentation is available for inspection on the website and at the Council Offices, Gernon Road, Letchworth Garden City, SG6 3JF during normal office hours.
Responses can be submitted by:
online : www.north-herts.gov.uk/xxxxxx
email : localplans@north-herts.gov.uk
post : NHDC, PO Box 10613, Nottingham, NG6 6DW
- 1.8. An SCI is subject to public consultation but it does not need to be submitted for examination.

2. The Local Plan

- 2.1. The timetable for preparing the Local Plan and the documents associated with it is set out in the Local Development Scheme (LDS). The LDS is kept under review and is available to view on the Council's website.
- 2.2. There are three types of local planning documents:
- ❖ the local plan which includes the key policies which will guide development in the district and will be used in determining planning applications;
 - ❖ supplementary planning documents which provide more detailed advice or guidance in respect of adopted local plan policies; and
 - ❖ neighbourhood plans which are typically focused on a single parish and are prepared by the local community.

The stages of preparation for these documents are set out in the following sections.

- 2.3. Local Plans. There are a number of stages in preparing a local plan, a summary is set out in Table 1. There are opportunities for you to be involved in the preparation of a local plan, particularly in the early stages of preparation before the local plan is submitted to the Secretary of State for "examination". The Council is currently preparing a Local Plan which will include strategic policies, development management policies and land allocations.

Table 1: Stages of Plan Preparation

Stage of Plan Preparation	Commentary
Research	<p>During the early stages of plan preparation, the Council will gather information and evidence about the area in order to understand the issues facing the District.</p> <p>Consultation during these early stages may include detailed stakeholder consultations or wider more extensive consultations.</p> <p>The Council will also assess the requirements of government guidance, other corporate strategies and technical information in order to put a draft document together.</p> <p>We also have a duty to cooperate with local planning authorities and other bodies to consider the strategic issues which might be relevant to future development in North Hertfordshire.</p>
Draft Plan (Regulation 18)	<p>A draft plan may be published to get some feedback from both the community and stakeholders. Any draft document would be made available for public consultation for a minimum period of six weeks, allowing written representations to be made. In some circumstances the consultation period may be extended if, for example, it coincides with a holiday period such as Christmas or Easter.</p>

	<p>Any comments and feedback received during these consultation periods will be used in the preparation and revision of the development plan document before moving onto the next stages. The comments will be made available on the website.</p> <p>At this stage the draft local plan will be subject to a Strategic Environmental Appraisal (SEA) and Sustainability Appraisal (SA) and further technical work maybe commissioned.</p>
Publication (Regulation 19)	<p>A draft local plan document will be published for a formal consultation period. We will ask you for your written comments on the content of the documents subject to consultation.</p> <p>At this stage the six week consultation period will be advertised and the documents circulated to all the statutory consultees. We will make the consultation documents available on our website and in local libraries.</p> <p>At this stage, making comments or representations on the draft document becomes more formal. Representations can only relate to whether the policies and proposals in the draft local plan have been prepared in accordance with the Duty to Cooperate, the relevant legal and procedural requirements and whether the local plan is “sound”.</p> <p>Your comments will be published on our website. The Council will prepare a summary of the representations which will be presented to the Inspector at the examination.</p>
Submission (Regulation 22)	<p>Once consultation has been completed, the document will be submitted to the Secretary of State (represented by the Planning Inspectorate) for independent examination. All the supporting background evidence, the SEA/SA and a statement of public involvement in the process will also be submitted for examination and made available on the council’s website.</p>
Examination (Regulation 24)	<p>An examination will be held by an Inspector, appointed by the Planning Inspectorate. The Inspector will examine the documents submitted and may ask the council for additional information before opening the formal examination. In some cases, an Inspector will hold a Pre-Hearing Meeting to explore the main issues.</p> <p>The Council will appoint a Programme Officer who will be the point of contact with the Planning Inspector. The Programme Officer’s details will be published on the Council’s website.</p> <p>The hearing sessions will be arranged with six weeks notice given in advance of the beginning of the hearings. Only those people who submitted representations at the publication stage (Regulation 19) are entitled to be heard at the examination, although third parties can be invited by the Inspector at their discretion.</p> <p>The Inspector will assess the “soundness” of the plan and will</p>

	prepare a report for the Council. That report will set out the Inspector's recommendations to the Council. The Council must then consider the report and the recommendations.
Adoption (Regulation 26)	<p>The Council will adopt the local plan as soon as practicable following consideration of the Inspector's report. The local plan will then become part of the statutory development plan for the District.</p> <p>The documents will be published on the Council's website and all of those people who made representations will be informed.</p> <p>Hard copies will be available to view at the Council Offices and may be available to purchase.</p>

3. Supplementary Planning Documents and Planning Briefs

- 3.1. A Supplementary Planning Document (SPD) should provide more detailed advice or guidance in respect of adopted local plan policies. Supplementary Planning Documents (SPDs) can be used to provide further guidance for development on specific issues or sites allocated for development but they cannot introduce new planning policies. SPDs are capable of being a material consideration in respect of a planning decision but they do not form part of the development plan.
- 3.2. Supplementary Planning Documents (SPDs) or Planning Briefs prepared by the Council will be subject to public consultation but they are not subject to examination by a Planning Inspector before they are adopted.
- 3.3. There are a number of stages involved in the preparation of a SPD or Planning Brief, as outlined in the table below.

Table 2 : Supplementary Planning Documents – Stages of preparation

Stage of SPD Preparation	Commentary
Research	<p>Collation of background information which might include government policy and advice, best practice examples, survey work or statistical analysis.</p> <p>This information will be used to prepare a draft supplementary document which will be presented to Cabinet before it is published for public consultation.</p>
Consultation	<p>A draft SPD will be subject to public consultation for a minimum of four weeks. The council will seek involvement from a variety of relevant stakeholders which might include: statutory consultees, landowners, agents, developers, residents, local businesses and community organisations.</p> <p>(Individuals will only be consulted where they have explicitly stated that they would like to be consulted on an SPD).</p> <p>We will publish the consultation documents on the council's website and place them in the local libraries.</p> <p>All comments will be considered and amendments will be made to the final document where it is considered to be appropriate.</p>
Adoption	<p>When a Supplementary Planning Document is adopted by the Council it will be published on the website together with a statement of the representations received, the response to those representations and an adoption statement. All those who made comments will be informed.</p> <p>The adopted SPD will be available to view on the council's website.</p>

4. Neighbourhood Plans or Neighbourhood Development Orders

- 4.1. Neighbourhood plans are community led documents, prepared by Parish Councils or a Neighbourhood Planning Forum. The District Council is committed to supporting local communities preparing neighbourhood plans and they form an important part of how the local community can be engaged in the planning system.
- 4.2. The Neighbourhood Planning (General) Regulations 2012 (as amended) set out the statutory requirements for the preparation of neighbourhood plans. Consultation during the early stages of neighbourhood plan preparation is undertaken by the Parish Council or the neighbourhood forum and is not covered by the requirements of this Statement of Community Involvement. However, the SCI might still contain guidance which is useful to groups preparing neighbourhood plans.
- 4.3. When a neighbourhood plan is “made” it becomes part of the statutory development plan for the District, this means that there are a number of legal requirements that the neighbourhood plan must meet. These are known as the “Basic Conditions”. A neighbourhood plan must:
- ❖ have regard to national planning policy;
 - ❖ be in general conformity with the strategic policies in the saved Local Plan;
 - ❖ contribute to the achievement of sustainable development;
 - ❖ be compatible with environmental obligations; and
 - ❖ be compatible with human rights requirements.
- 4.4. The table below sets out the key steps for neighbourhood planning and also outlines the level of support that can be expected from the District Council. Further information can be found in Appendix 1 or on the Council’s website: <https://www.north-herts.gov.uk/home/planning/planning-policy/neighbourhood-planning>

Table 3 : Neighbourhood Plans – Stages of Preparation

Stage of Preparation	Commentary
Designation of a neighbourhood planning area	<p>A Town or Parish Council needs to apply for a neighbourhood planning area to be designated. Where an application is received to designate the whole parish area, the District Council must designate the whole area.</p> <p>At this stage, the Parish Council or the qualifying body neighbourhood will be expected to provide a formal request to designate the neighbourhood planning area and a map which shows the extent of the neighbourhood planning area.</p> <p>Where consultation on designating a neighbourhood planning area is required, the District Council will consult statutory consultees and those people and organisations who have expressed an interest in that neighbourhood planning area. The District Council will advertise</p>

	<p>the application through its website and social media and will ask the relevant qualifying body to assist in publicising the consultation through its own local mechanisms, for example through a parish newsletter or local website.</p>
Preparation of the first draft neighbourhood plan	<p>During this stage of plan preparation, the District Council has a duty to support the preparation of neighbourhood plans. This could include advice on:</p> <ul style="list-style-type: none"> possible themes and topics for your neighbourhood plan; useful evidence for your neighbourhood planning policies; the legal requirements that have to be met; ways to consult the local community; providing maps where appropriate; and providing advice on policy writing. <p>This list is not exhaustive; however assistance will be limited to resources available at any given time. If you have a detailed project plan in place, it will be easier to identify when you might need assistance from the District Council.</p> <p>At this stage in the neighbourhood planning process, the Strategic Planning Team will offer 30 hours of support for each neighbourhood planning group. Our GIS team can also provide some limited help with digital mapping. Beyond this allowance, further assistance can be provided but will be charged at a rate of £30 per hour to cover the Council's costs.</p> <p>Whilst the District Council has a duty to support neighbourhood planning, this does not extend to financial assistance. There are other sources of funding which might be available to neighbourhood planning groups. Further information is available through Locality: https://locality.org.uk/</p>
Pre-submission consultation on the neighbourhood plan	<p>Once a draft plan has been prepared it will need to be consulted on for six weeks. This consultation is carried out by the Parish Council or the Neighbourhood Forum. The consultation can be used to make any changes to the neighbourhood plan as a result of comments from the public in advance of the submitting the plan.</p> <p>Whilst consultation at this stage should be focussed in the local community, the District Council can help Parish Councils and qualifying bodies with the contact details for statutory consultees. Parish Councils and qualifying bodies are encouraged to consult with the wider community which might include landowners, businesses and developers.</p>
Submission of the neighbourhood plan	<p>Once the neighbourhood plan has been prepared and consulted on for six weeks, the plan will be submitted to NHDC to publicise and</p>

to NHDC	<p>consult on for six weeks.</p> <p>The District Council will ensure that all of the documents submitted are correct and will arrange for consultation to take place. In most cases, delegated authority will be sought to start the consultation but there are exceptions to this where the neighbourhood planning area includes two or more electoral wards. In these circumstances, the consultation will be referred to Cabinet as a key decision. It maybe that the consultation will be undertaken with other local planning consultations to ensure the efficient use of resources.</p> <p>The District Council will publicise the consultation through its website, news releases and through social media. Emails and letters will be sent to statutory consultees, any organisation referred to in the consultation statement, organisations in the local area and anyone who has “opted-in” to be notified of consultations for that particular neighbourhood planning area.</p> <p>The District Council will work in collaboration with the qualifying body to encourage the use of local media sources (e.g newsletters, social media pages) to publicise the consultation.</p>
Independent examination of a neighbourhood plan	<p>The District Council will source an independent examiner at the end of the consultation period, once all of the representations have been confirmed to request the details of a suitable and available examiner to undertake the examination of the plan. A decision to appoint an examiner will be made in collaboration with the Parish Council.</p> <p>The District Council will ensure that the independent examiner receives all of the relevant documentation for the examination.</p> <p>It is normal for neighbourhood plan examinations to be conducted by written representations, however, if the examiner decides that an exploratory meeting or a hearing session is necessary, the District Council will make the appropriate arrangements in consultation with the Qualifying Body and the examiner.</p>
Receipt of Examiner’s report	<p>The examiner will prepare a report which will recommend that the neighbourhood plan proceeds to a referendum with or without further modifications and that the referendum area is to be extended beyond the designated neighbourhood planning area.</p>
Referendum	<p>The District Council will make the necessary arrangements for a neighbourhood plan referendum where the neighbourhood plan meets the basic conditions.</p>
Making the neighbourhood plan	<p>Once there has been a successful referendum, the neighbourhood plan will become part of the statutory development plan for the</p>

	District and will be used in determining planning applications.
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5. Community Involvement in Local Planning

5.1. The council is committed to involving as many local people, groups and organisations as possible in developing its planning policies for the District. An extensive consultation database is already in place which includes the following types of organisations:

- ❖ Statutory consultees; (see Appendix 2)
- ❖ Central government departments;
- ❖ Town, Parish and Community Councils;
- ❖ Neighbourhood Planning Steering Groups;
- ❖ Parish Meetings;
- ❖ Hertfordshire County Council;
- ❖ Hertfordshire District and Borough Councils;
- ❖ Neighbouring local authorities;
- ❖ Neighbouring Parish Councils;
- ❖ The North Hertfordshire Partnership (LSP);
- ❖ Letchworth Garden City Heritage Foundation;
- ❖ Local community groups and organisations;
- ❖ Black and minority ethnic groups;
- ❖ Religious / faith groups;
- ❖ Disabled persons organisations;
- ❖ Developers, landowners and agents;
- ❖ Businesses and business interest groups; and
- ❖ Individual members of the public.

This list is illustrative, not definitive.

5.2. The Town and Country Planning (Local Planning) (England) Regulations 2012 defines “specific consultation bodies” and “general consultation bodies” and these are listed in Appendix 2.

5.3. During consultations, we will ensure that we meet the requirements of the Equality Act 2010, which aims to promote equality, eliminate discrimination and encourage good relations between different groups associated with age, disability, gender, race, religion and other protected characteristics. It is recognised that some parts of the community are not always adequately represented in planning consultations and in the planning process.

5.4. In North Hertfordshire these groups are considered to be:

- ❖ People with disabilities;
- ❖ Black and ethnic minority groups;
- ❖ Working age people;
- ❖ Young people; and
- ❖ Gypsy and traveller communities

5.5. The council’s Policy and Community Engagement Team has established links with these “hard to reach groups”. In preparing planning documents the Strategic Planning and Strategic Infrastructure and Projects Team will work with the Policy and Community Engagement Team to further develop those links and try to encourage more involvement in the future.

- 5.6. The consultation list for the local plan and neighbourhood plans is always open to new consultees. If you would like to add your name to that list, the best way is by registering your contact details through the website: <https://north-herts.oc2.uk/register>. Registering your interest this way, allows you to decide which areas of local planning work you are interested in and amend your details when necessary.
- 5.7. You can also register your interest by contacting the Strategic Planning Team using the details below:
- Strategic Planning Team
North Hertfordshire District Council
PO Box 10613
Nottingham
NG6 6DW
Email : localplans@north-herts.gov.uk
Telephone : 01462 474000
- 5.8. To ensure that you receive all the information that you are interested in, we will need your name, organisation (where appropriate), either an email address or a postal address and an indication of the types of local planning issues you might be interested in. We will only contact you if you “opt-in” to receive details about particular types of local planning documents.
- 5.9. The privacy notice for the Regulatory Directorate sets out how your personal data will be used and by whom. This privacy notice is available on the Council’s website¹
- 5.10. We will review our local plan consultation list on a regular basis. We may contact you from time-to-time to ensure that your details are kept up to date and that you do not receive any information which you have not requested. Please do not ignore these emails and letters. If you do not respond we may have to delete you from our database. This is because of changes in the laws which say how we must protect your data and personal information.

¹ Privacy Notice - <https://www.north-herts.gov.uk/home/council-data-and-performance/data-protection/personal-information-and-privacy-notice-gdpr>

6. Local Planning – Methods of Consultation

- 6.1 Some of the methods we can use for community involvement are listed in the table below. The list is not definitive but it includes those methods which we consider to be the most effective, practical and cost effective for preparing the local plan and supplementary planning documents. We will use a variety of these methods to engage and consult with the community as and where appropriate.

Table 4 : Methods of consultation for local planning consultations

Methods for notifying and consulting	Comments
Council Offices and Libraries	Copies of consultation documents will be placed at the Council Offices and in the local libraries across the District. These will be available for inspection during normal opening times. As well as paper copies our reception provides access to a computer linked to the NHDC website for those who cannot access or easily use the internet.
Letters and email	<p>It is a statutory requirement that all statutory consultees are notified in writing (which maybe by email) when a document is published for consultation. In some circumstances a number of general consultees may also be notified in writing, where a document may be of particular interest.</p> <p>The council will encourage greater use of email in the future as this helps to reduce costs.</p>
Website	<p>It is a statutory requirement that documents are available to view on the council's website; www.north-herts.gov.uk</p> <p>The website will also include information and updates on the local plan and background documents supporting the local plan. There will also be the opportunity to comment directly on consultation documents through the website during open consultation periods.</p>
Advertisements	The council usually publicises all major consultations for the local plan in the local newspapers which are circulated in the District. This presently includes The Comet, The Royston Crow and the Luton Herald and Post. However, advertisements in local newspapers are not used for neighbourhood planning consultations as the newspapers are not necessarily available in these communities. The following types of planning applications are advertised in local newspapers; major planning applications; departures from the development plan; listed building consents and conservation area consents.
Local Media	Press releases are prepared at the start of the consultation

	period for local plan documents. These can be supplemented during the consultation period where particular issues are raised or to further raise awareness.
Town, Parish and Community Councils	<p>The council will consult the Town, Parish and Community Councils within the local authority area and in adjoining local authority areas where appropriate.</p> <p>The council will also encourage the Town and Parish Councils to use their own newsletters, magazines and notice boards to further publicise consultations for the local plan, supplementary planning documents (where relevant) and neighbourhood plans.</p>
Exhibitions	<p>In some circumstances the council may decide to hold exhibitions to help explain the content of a consultation document.</p> <p>However, exhibitions can be expensive to stage in terms of exhibition material, publicity, venue charges and staff time and we need to carefully balance the benefits of these events against the impact on relevant services.</p>
Focus Groups / Discussion Workshops	Focus groups or discussion groups may be used by the council to explore selected issues with particular groups within the community. These groups can be expensive to run and require significant amounts of staff time, however participants can be recruited from the council's Citizens Panel database. They may provide an opportunity to explore issues in some depth and gain detailed and focussed comments.
Posters and Leaflets	<p>Posters and leaflets can be a useful and immediate way to draw attention to a local plan consultation.</p> <p>Posters can be particularly effective where there are community notice boards and large numbers of people passing them.</p> <p>There are however issues to be considered in producing leaflets as they can be relatively expensive if delivered to every household and business in the District.</p>
NHDC Outlook Magazine	We have consistently used Outlook to inform residents and local businesses about preparation of the local plan. However, the publication dates for the council's newsletter do not always coincide with consultation periods. We will continue to provide updates on the local plan through Outlook when appropriate.
Social Media	The council uses Facebook, Instagram and Twitter to inform residents, local groups and organisations about consultations for the local plan, supplementary planning documents and neighbourhood plans. The use of social media may increase in importance as a method of raising awareness of the issues and

	documents being prepared for consultation as well as the publicising the methods of responding to a consultation. For example, the Council has a YouTube channel but there is only very limited content on it at present. At the moment, the Council is not using these social media outlets as a mechanism for collecting consultation responses.
Questionnaires and Surveys	Questionnaires and surveys can be an effective way of gaining focussed views on a consultation document, particularly in the early stages of the local planning process.
Response forms	The council provides a response form for all local plan consultations. These are accepted in addition to responses by email or correspondence.
Use of existing partnerships, forums and panels	These organisations, such as the North Hertfordshire Partnership (LSP), the Local Enterprise Partnership, local educational establishments and the North Herts Health and Wellbeing Partnership can provide representative views from a range of organisations and agencies as well as specific community groups.

6.2 Comments in response to a consultation document can be made by:

- ❖ using the council's online consultation software;
- ❖ email; or
- ❖ in writing.

Full details of how to make comments are included in all consultation documents and in the advertisements that the council places in local newspapers.

6.3 In some instances, the council receives hard copy petitions in response to local plan consultation documents. For the purposes of recording representations made in this way, the subject of the petition will be noted as a representation and the person responsible for submitting the petition will be recorded and will be kept informed of the progress on the Local Plan. The signatories to the petition will not be recorded or added to the local plan database but the number of signatories will be recorded. The Council will treat on-line petitions in the same way.

6.4 Increasingly, comments and objections are posted onto social media web pages and on-line petitions. There are a wide variety of social media pages and groups of which the council is not necessarily aware, e.g private Facebook groups and does not have the resources to monitor the activity on these sites. Comments and objections made in this way therefore will not be taken into account when formally considering all the representations made in response to a consultation document, unless they have been formally submitted to the council, in which case they will be recorded and considered in accordance with paragraph 6.3. Comments made on the council's own Twitter feed and Facebook page will be monitored but will not be taken as formal representations to a local planning consultation.

- 6.5 Comments are sometimes submitted to councillors and other elected representatives by email, letter or by other methods. These comments will not be considered as formal representations, unless they are copied to the Strategic Planning team within the consultation period.
- 6.6 Comments by telephone are not accepted as formal representations to consultation documents.

7. What will we do with your comments?

- 7.1. The council will ensure that when consultation is undertaken, all appropriate comments will be used to inform the content of the planning documents. Inevitably there will be some conflict between the comments and the representations and it will not be possible for the council to amend the planning documents to suit everyone but the council will consider all the comments carefully in preparing the local planning documents. The Council will not respond to all comments and representations individually.
- 7.2. At the end of a consultation period, the council will analyse all of the comments received and will prepare a summary of the comments. This summary will be presented to Cabinet or Full Council as a background paper to any recommendation for changes to the planning document. When the council submits a planning document to the Secretary of State it must be accompanied by a statement of consultation which sets out a summary of the representations received and the main issues raised. All of the comments and reports will be made available to view on the council's website and at the council's offices on request.
- 7.3. Any individual or organisation making comments on any local planning document, a supplementary planning document or a neighbourhood plan will be added as a consultee for that particular consultation document on our database.
- 7.4. Please note that the council, in its absolute discretion, reserves the right not to consider or include comments which are inappropriate including:
- ❖ comments of a discriminatory nature (age, gender, disability, ethnicity, religious belief and sexual orientation) including racist and homophobic comments;
 - ❖ inflammatory or offensive comments (of a foul or abusive nature); or
 - ❖ any other comments of a similar nature that it deems inappropriate.

If a written response to a consultation is received which contains inappropriate content as listed above, this will be discarded from the consultation and, where there is a postal address, will be returned. In these circumstances the respondent will be given an opportunity to make their comments using more appropriate language so that they can be considered as part of the consultation process.

8. Community Involvement in the Development Management Process

- 8.1. Development management is the process by which the council determines whether a proposal for development should be granted planning permission. Planning applications must be determined in accordance with the Development Plan (the current Local Plan and any adopted neighbourhood plan where appropriate) unless material considerations (such as the National Planning Policy Framework (NPPF) or a draft replacement Local Plan) suggest otherwise.
- 8.2. Planning applications can be determined in one of two ways:
- ❖ determination by Councillors on the Planning Control Committee; or
 - ❖ determination by development management officers under the delegated decision making procedure.
- Further information is given on the website: <https://www.north-herts.gov.uk/home/planning/planning-advice-and-guidance/planning-applications-decision-making-process>.
- 8.3. The greatest influence the community can have is when those policies that will be used to decide planning applications are being prepared. However, many people only interact with the planning system when they wish to make a planning application of their own or make comments on an application which affects them.
- 8.4. It is important to ensure that the community is involved in the determination of planning applications, particularly major applications. The council is required to undertake consultation on all planning applications that it receives.

Pre-Application Consultation

- 8.5. Anyone considering making an application for planning permission can approach the council for informal views prior to submitting a formal application. Any advice given at this stage is not binding, but it can help to save the applicant's time and money in pursuing schemes which may need radical alteration to be acceptable. There are no statutory requirements for pre-application discussions. The council does make a charge for pre-application advice for certain types of development proposal including;
- ❖ Significant or major proposals - Large scale, complex development
 - ❖ Category "A" Proposals - Large scale, complex development – including schemes of between 100 – 499 dwellings;
 - ❖ Category "B" – including schemes of between 25 and 99 residential units, 2000sq m or more of commercial floorspace, mixed use development on a site of more than 1 hectare (ha) or development requiring an Environmental Impact Assessment (EIA);
 - ❖ Category "C" Proposals - Other major development – including schemes of between 10 and 24 residential units, provision of 1000sq m – 1999sq m of commercial floorspace, mixed use development on a site between 0.5 and 1ha or change of use proposals for buildings on land exceeding 500sq m; and

- ❖ Category “D” Proposals – including proposals of up to 9 dwellings, advertisements, provision of up to 999sq m of non residential floorspace or change of use of buildings on land exceeding 499sq m; and
- ❖ Category E – Householder and listed buildings.

Full details of the current charges can be found on the council’s website: <https://www.north-herts.gov.uk/home/planning/apply-planning-permission/do-i-need-planning-permission>.

At the moment we consult the relevant statutory consultees, e.g. the Environment Agency.

- 8.6. As part of the council’s Member protocol, a summary of officer’s pre-application advice to applicants on Category A schemes will be sent to relevant local ward Members for their information.
- 8.7. The council cannot insist on pre-application discussions with applicants but they are recommended. Where major schemes are proposed, the council will encourage developers to engage with the local interest groups and residents. However, it is important that councillors observe the council’s Planning Code of Good Practice.
- 8.8. Not all planning proposals are discussed with the council before an application is made. Therefore the tables below set out how the applicant will consult at the pre-application stage, where this is appropriate, whether they are significant or more minor applications.

Table 5 : Public Consultation at the Pre-Application Stage for Planning Applications
(Includes all applications made under the Town and Country Planning Act and associated legislation).

Pre – Application Stage – Major Applications (see Appendix 3)		
Consultation Methods	Suggested Course of Action	By Whom
Letters to inform local residents / interest groups of the planning application site	Send letters / emails to local residents / interest groups / relevant statutory consultees	Planning applicant / agent
Public exhibition or public meeting	Publicise & prepare proposals for public consultation.	Planning applicant / agent
Pre – Application Stage – Other Applications		
Consultation Methods	Suggested Course of Action	By Whom
Inform neighbours in the immediate vicinity	Verbal consultation	Planning applicant / agent

- 8.9. Local residents often express concern regarding construction management and in particular construction vehicle access routes to development sites. Developers are strongly advised to consider construction management issues at the earliest possible stage of the planning process. It is best practice to consider sensitive and well thought out construction management plans at the pre-application stage (as part of engagement with Hertfordshire County Council Highways and the District Council) and to seek the views of the local community before planning applications are submitted. The feedback from any public consultation on construction management (including construction vehicle access routes) should then be incorporated into the formal submission of a planning application.
- 8.10. For strategic site development proposals (i.e. over 500 dwellings) or schemes of significant scale and local interest, developers may also consider carrying presentations to the relevant Area Committee of the District Council. Whilst Member input into these discussions must be limited in order to avoid pre-determination by Members of the Planning Control Committee and substitutes, Area Committees would welcome early engagement for large scale development proposals through this forum.

Public consultation for planning applications

- 8.11. When a planning application is submitted, the council will publicise it in accordance with the legislative requirements. Where required by the legislation, this will include the following:
- ❖ Notices published in local newspapers;
 - ❖ Application details published on the web site for inspection;
 - ❖ Site notices;
 - ❖ Letters sent to adjoining properties; and
 - ❖ Details of all planning, listed buildings and conservation area consent applications are sent weekly to all councillors, the relevant town and parish councils where these exist.
- 8.12. The council aims to determine all planning applications within a statutory time period, therefore all consultations that take place once a planning application has been submitted must also take place within these time limits. However, bodies such as Natural England will be allowed a longer period of time to comment on applications where this is prescribed by legislation.
- 8.13. The tables below set out how the council will consult at the application stage for planning proposals in the District, whether they are significant or more minor applications.

Table 6 : Public consultation for planning applications

Planning Application Stage		
Consultation Methods	Requirements	By Whom
Copies of planning applications for inspection available at Council Offices	Prepare information	NHDC Officers

Copies of planning applications available at the libraries via the NHDC website	Prepare information	NHDC Officers
Site notice	Prepare site notice and display on site	NHDC Officers
Neighbour notification letters	Prepare & send out letters	NHDC Officers
Invite representations from statutory & non statutory consultees	Prepare & send out letters	NHDC Officers
Public notice in local paper	Prepare advertisement	NHDC Officers
Further consultations by way of exhibitions / public meetings for major applications	This would depend on the types of consultation that have taken place beforehand	Planning Applicant / Agent NHDC Officers

- 8.14. In some cases there may be significant amendments to the submitted plans, in which case the council will advise those people who were notified when the application was received. Where representations and comments are received, they will be taken into account in the determination of applications insofar as they are material to the application. Some things are not material planning considerations, such as the impact of a scheme on property values, and therefore cannot be taken into account.
- 8.15. Local planning authorities are required to make a statement on each planning decision notice as to how they have acted pro-actively in their dealings with applicants. Even if a proposal is fundamentally unacceptable the council will handle the application in a pro-active way, which will involve regular communication with the applicant or their representatives throughout the determination process. This requirement in no way suggests that the application will not be assessed objectively weighing up any concerns expressed by consultees against the planning merits of the case.
- 8.16. Decisions on planning applications will either be made by the relevant Committee or under powers delegated to the Development and Conservation Manager and Principal Planning Officer (Development Management). Any councillor can request that an application is decided by Committee instead of being determined under delegated powers, where they have a contrary view to the officer as to the probable decision or consider it raises issues of wider public interest.
- 8.17. In the case of those applications which will be reported to the Committees for decision, there is the opportunity for individuals to address the Committee to express their support or objection to the proposals. Anyone who has submitted representations will be informed if an application will be brought before committee for decision.

Post decision information

- 8.18. Once a decision has been made, the details of the decision are published online. Planning files will remain open for inspection once decisions have been made (the Part 2 register). A register of associated legal agreements (Section 106 and Section 278 agreements) will also be available for inspection.
- 8.19. The table below sets out how the council will inform the community of the decisions made on all planning applications.

Table 7 : Public Involvement - Post Decisions

Post Application Stage		
Consultation Methods	Requirements	By Whom
Update web site	Ensure that latest information is on the website	NHDC Officers
Press release for major applications	Prepare information	NHDC Officers

9. Social Media

- 9.1. The council does use Facebook, Instagram and Twitter to inform residents, local groups and organisations about Council activities. The Council will continue to make use of social media platforms to promote future consultations for the local plan, supplementary planning documents and neighbourhood plans. The use of social media may increase in importance as a method of raising awareness of the issues and documents being prepared for consultation as well as the publicising the methods of responding to a consultation.
- 9.2. At the moment, the Council is not using these social media outlets as a mechanism for collecting formal consultation responses; however any comments made will be reviewed and may be used to review consultation methods in the future.
- 9.3. As the use of mobile technology changes and increases, the Council will need to respond to these changes and will consider how to make future planning consultation documents and accompanying documentation, including digital mapping, as easy as possible to use. Most of our planning documents and maps are presently made available as PDF files. However these can be large and lengthy and are not always easy to navigate, particularly if readers are interested in a single topic or a specific geographical area. They are a simple electronic copy of the physical document(s) we are consulting on. This approach doesn't necessarily fit well with modern preferences such as:
- ❖ receiving bite-size information;
 - ❖ 'swipe and tap' mobile technology such as tablets and smartphones; and
 - ❖ Interactive and shareable content
- 9.4. We need to strike an appropriate balance between responding to changing trends and technologies, producing the documents we are legally required to and the resources available to the Council.

10. NHDC Resource Availability

- 10.1. The SCI is based on a realistic assessment of the likely resources available to the council in the foreseeable future. The council does not have either the staff or the financial resources to undertake large scale community and stakeholder events without impacting upon our ability to deliver important day-to-day services. The SCI sets out how the council will undertake a programme of consultation which is achievable and realistic but which will not raise expectations. In order to make the best uses of resources, the council will endeavour to combine local plan consultations with other consultations for council initiatives where this is appropriate and timely.
- 10.2. The council will be responsible for making the appropriate resources available to implement the consultation methods set out in this SCI. It is envisaged that the proposed consultation measures can be met in house.
- 10.3. The Service Director – Regulatory will be responsible for managing the overall consultation process and its implementation will be the responsibility of the Strategic Planning or the Strategic Infrastructure and Projects Teams.
- 10.4. Public consultation in relation to planning applications will be the responsibility of the council's Planning Control and Conservation Manager.

11. Reviewing the SCI

- 11.1. As required by the Town and Country Planning (Local Planning) (England) (Amendment) Regulations 2017, the SCI will be reviewed no later than five years after adoption.
- 11.2. However, there may be changes in national legislation, regulations or policies on the preparation of local plans, SPDs, SCIs and Neighbourhood Plans. These will be monitored and if there are any significant changes, the SCI might be subject to a more immediate review.
- 11.3. The SCI will also need to be compliant with any legal requirements for the processing of data or changes to anti-discrimination laws and changes in NHDC policy.
- 11.4. The database of people and organisations will be kept up to date to comply with the General Data Protection Regulations 2016.

12. Appendices

Appendix 1 : Guidance for Neighbourhood Planning Groups

How NHDC will provide advice and support for neighbourhood planning groups

Getting Started

Before starting work on a neighbourhood plan, the District Council can help a Parish Council or prospective neighbourhood planning forum with advice and general information about neighbourhood planning.

Planning officers will meet representatives from a Parish Council or prospective neighbourhood forum who may be interested in preparing a neighbourhood plan to discuss the practicalities and requirements of neighbourhood planning.

Designating a Neighbourhood Area

Where a Parish Council applies to designate a whole parish area as a neighbourhood planning area, the District Council will designate the neighbourhood planning area through a delegated decision, within four weeks of receipt of the application.

The Parish Council or neighbourhood forum will need to provide a signed letter and a map of the proposed neighbourhood planning area.

Where a proposed neighbourhood planning area includes two or more electoral wards, any decision to designate a neighbourhood planning area must be considered by Cabinet as a “key decision”.

Where there is no Town or Parish Council, a neighbourhood forum must be established to guide neighbourhood planning for that area. Consultation on both a neighbourhood planning area and the composition of a neighbourhood forum must be undertaken before a decision can be made to designate a neighbourhood planning area and a neighbourhood forum. In this case the decision will be made by the Cabinet of NHDC.

Where Parish Councils decide to prepare a joint neighbourhood plan, the application to designate a neighbourhood planning area must be consulted on and a decision may be made by Cabinet as a “key decision”.

The District Council can help in preparing the application by providing a map of the proposed neighbourhood planning area.

Where the District Council needs to undertake consultation for the designation of a neighbourhood planning area, this will be undertaken in accordance with the SCI.

Preparing the Plan and Evidence Base

During this stage of plan preparation, the District Council has a duty to support the preparation of neighbourhood plans. This could include advice on:

the saved Local Plan;

the emerging Local Plan, including policies and land allocations;

possible themes and topics for your neighbourhood plan.

This might include considering (but is not limited to) whether:

There is evidence to support certain types of housing being provided in your area – such as self-build, affordable housing or accommodation suitable for older people;

There are important facilities or areas for play and recreation that would benefit from policies to protect them;

There are particular local design characteristics which should influence any new development;

Important historic features (heritage assets) should be identified;

useful evidence for your neighbourhood planning policies;

the legal requirements that have to be met;

consulting the local community;

providing maps where appropriate;

consultation methods and contact details for statutory consultees; and

how to write the policies in your plan.

This list is not exhaustive, however assistance will be limited to resources available at any given time. If you have a detailed project plan in place, it will be easier to identify when you might need assistance from the District Council.

Whilst the District Council has a duty to support neighbourhood planning, this does not extend to financial assistance. There are other sources of funding available to neighbourhood planning groups which the District Council will be able to advise on.

Strategic Environmental Assessment (SEA), Environmental Impact Assessment (EIA) and Habitat Regulation Assessment (HRA)

There is a requirement that neighbourhood plans carry out a SEA and HRA screening to ensure that:
The emerging neighbourhood plan provides a high level of protection of the environment (SEA); and
The emerging neighbourhood plan protects and improves Europe's most protected species and habitats (HRA).

The District Council has published a template for both the SEA and the HRA to be used by neighbourhood planning groups as they prepare their draft neighbourhood plans. These templates are available on the website: [insert link](#)

Where a full SEA or Sustainability Appraisal might be required, the District Council can advise on further sources of assistance.

Pre-Submission consultation and preparing the plan for submission

The pre-submission consultation for a neighbourhood plan is the responsibility of the Parish Council or qualifying body. There is help and advice available to groups preparing neighbourhood plans through Locality and it is possible to pay for a health check to be undertaken on the pre-submission neighbourhood plan.

The District Council can offer advice about the consultation and can assist by providing contact details for statutory consultees.

The District Council will provide formal detailed comments on the neighbourhood plan as part of this consultation.

Submission of the neighbourhood plan for public examination

Once the Parish Council or the qualifying body has submitted the neighbourhood plan, the District Council will check that all of the documentation required is submitted with the neighbourhood plan and prepare a delegated decision report before consultation can take place. Where a neighbourhood planning area includes two or more electoral wards, this decision must be made by Cabinet.

The District Council will normally set up the consultation within four weeks of receiving the submission documents. Comments received will be processed by the District Council and will be made available on the Council's website within 4 weeks of the end of the consultation period.

Independent examination of the neighbourhood plan

The District Council will approach suitable and available examiners at the end of the consultation period, once all of the representations have been confirmed to request the details of suitable and available examiners. These will be considered by both the District Council and the Parish Council and an appointment made by the District Council. The Council presently procures and pays for the independent examiner.

The District Council currently uses the Neighbourhood Planning Independent Examiner Referral Service (NPIERS) for neighbourhood planning examiners. NPIERS provides access to expert, impartial examiners at a fixed cost. The cost of using this service will be kept under review. The District Council will ensure that the independent examiner receives all of the relevant documentation for the examination.

If the examiner decides that an exploratory meeting or a hearing session is necessary, the District Council will make the appropriate arrangements in consultation with the Qualifying Body and the examiner.

Following the examination, the examiner will send a report to the District Council and the qualifying body. The District Council will liaise with the qualifying body over any issues or proposed modifications raised by the examiner.

If the examiner has recommended that the neighbourhood plan can proceed to a referendum, the District Council will prepare a report for Cabinet to authorise the preparations for the referendum.

Public referendum and adoption

Where the outcome of a neighbourhood plan examination is successful, NHDC will prepare a report for Cabinet to approve any proposed modifications that have been put forward and to authorise the Counting Officer to prepare and undertake a referendum.

The organisation and publicity for the referendum will be undertaken by the Electoral Services Team.

Subject to a successful referendum, the Neighbourhood Plan will normally be “made” by delegated decision and will become part of the statutory development plan.

Appendix 2 : Specific and General Consultation Bodies

In the Town and Country Planning (Local Planning)(England) Regulations 2012 “general consultation bodies” means the following

- a) voluntary bodies some or all of whose activities benefit any part of the local planning authority’s area,
- b) bodies which represent the interests of different racial, ethnic or national groups in the local planning authority’s area,
- c) bodies which represent the interests of different religious groups in the local planning authority’s area,
- d) bodies which represent the interests of disabled persons in the local planning authority’s area,
- e) bodies which represent the interests of persons carrying on business in the local planning authority’s area;

“specific consultation bodies” means the following—

- (a) the Coal Authority,
- (b) the Environment Agency,
- (c) the Historic Buildings and Monuments Commission for England (known as English Heritage),
- (d) the Marine Management Organisation,
- (e) Natural England,
- (f) Network Rail Infrastructure Limited (company number 2904587),
- (g) the Highways Agency,
- (h) a relevant authority any part of whose area is in or adjoins the local planning authority’s area,
- (i) any person—
 - (i) to whom the electronic communications code applies by virtue of a direction given under section 106(3)(a) of the Communications Act 2003, and
 - (ii) who owns or controls electronic communications apparatus situated in any part of the local planning authority’s area,
- (j) if it exercises functions in any part of the local planning authority’s area—
 - (i) a Primary Care Trust established under section 18 of the National Health Service Act 2006 or continued in existence by virtue of that section;
 - (ii) a person to whom a licence has been granted under section 6(1)(b) or (c) of the Electricity Act 1989;
 - (iii) a person to whom a licence has been granted under section 7(2) of the Gas Act 1986;
 - (iv) a sewerage undertaker; and

- (v) a water undertaker;
- (k) the Homes and Communities Agency; and
- (l) where the local planning authority are a London borough council, the Mayor of London;

Extract from the Town and Country Planning (Local Planning)(England) Regulations 2012

Appendix 3 : Definition of Major Development

The Town and Country Planning (General Development Procedure) Order 1995 (as amended)

“Major development” means development involving any one or more of the following:

- (a) the winning and working of minerals or the use of land for mineral-working deposits;
- (b) waste development;
- (c) the provision of dwellinghouses where -
 - (i) the number of dwellinghouses to be provided is 10 or more; or
 - (ii) the development is to be carried out on a site having an area of 0.5 hectare or more and it is not known whether the development falls within paragraph (c)(i);
- (d) the provision of a building or buildings where the floor space to be created by the development is 1,000 square metres or more; or
- (e) development carried out on a site having an area of 1 hectare or more.

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Equality Analysis Template – Statement of Community Involvement for Planning

1. Name of activity:	Planning consultations			
2. Main purpose of activity:	The Statement of Community Involvement for Planning (SCI) sets out how consultations will be conducted during the preparation of the local plan, supplementary planning documents or in determining planning applications. It also sets out how the Council will conduct public consultation for those stages in neighbourhood planning for which it is responsible.			
3. List the information, data or evidence used in this assessment:	<p>The preparation of the SCI is required in the Planning and Compulsory Purchase Act 2004 and there is a requirement to review the SCI every 5 years starting from the date of adoption. The latest version of the SCI was adopted on 3 September 2015.</p> <p>The 2020 consultation version of the SCI has been prepared in light of this requirement, the introduction of neighbourhood planning into the planning system, the increased use of technology and social media and in data protection regulations.</p>			
4. Assessment				
Characteristics	Neutral (x)	Negative (x)	Positive (x)	<p>Describe the person you are assessing the impact on, including identifying: community member or employee, details of the characteristic if relevant, e.g. mobility problems/particular religion and why and how they might be negatively or positively affected.</p> <p>Negative: What are the risks?</p> <p>Positive: What are the benefits?</p>
Community considerations (i.e. applying across communities or associated with rural living or Human Rights)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Negative
				Positive
				The SCI includes details about the types of community groups which will be consulted and recognises that there are particular groups which are more difficult to engage in planning consultations. The SCI also sets out steps which might help address this.
A person living with a disability	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Negative
				Positive
A person of a particular race	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Negative
				Positive
A person of a gay, lesbian or bisexual sexual orientation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Negative
				Positive

A person of a particular sex, male or female, including issues around pregnancy and maternity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Negative
				Positive
A person of a particular religion or belief	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Negative
				Positive
A person of a particular age	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Negative
				Positive
Transgender	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Negative
				Positive

5 Results

	Yes	No	
Were positive impacts identified?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Are some people benefiting more than others? If so explain who and why.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Were negative impacts identified (what actions were taken)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

6. Consultation, decisions and actions

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

Once public consultation for local plan documents, supplementary planning documents, neighbourhood plans and planning applications has been completed, officers consider all the responses and make recommendations as to how a consultation document should be amended or a decision is made in the case of a planning application.

Describe the decision on this activity

A report is prepared for Members to consider and either approve or reject an officer recommendation, through Cabinet or the Planning Control Committee.

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

Action	Responsible person	Completion due date
The SCI sets out how consultations will take place & it has identified a number of groups which have been "hard to reach" in previous consultations. The use of monitoring forms will be considered to assess the effectiveness of future consultations reaching all areas of	Nigel Smith	01/04/2021

the community.		
When, how and by whom will these actions be monitored?		
The Strategic Planning and the Strategic Infrastructure and Projects teams will review future public consultations after each consultation period and consider whether all groups within the community have been represented.		
7. Signatures		
Assessor		
Name: Clare Skeels	Signature** <i>C Skeels</i>	
Validated by		
Name: Nigel Smith	Signature** <i>N Smith</i>	

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

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

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**CABINET
28 JANUARY 2020**

***PART 1 – PUBLIC DOCUMENT**

TITLE OF REPORT: GARDEN WASTE SERVICE

REPORT OF THE SERVICE DIRECTOR - PLACE

EXECUTIVE MEMBER: EXECUTIVE MEMBER FOR RECYCLING & WASTE MANAGEMENT

COUNCIL PRIORITY: RESPONSIVE AND EFFICIENT.
BE A MORE WELCOMING AND INCLUSIVE COUNCIL

1. EXECUTIVE SUMMARY

- 1.1 To consider and agree the principle of implementing concessionary rates and reconsider implementation of direct debits for future garden waste charges commencing in 2020/21.

2. RECOMMENDATIONS

For Cabinet to consider and agree:-

- 2.1. the concessionary rates principles as proposed in para 8.2
- 2.2. to delegate the decision to the Service Director of Place, in consultation with the Executive Member for Recycling and Waste Management, whether the implementation of Direct Debits is practicable for August 2020

3. REASONS FOR RECOMMENDATIONS

- 3.1 To deliver objectives set out in the Councils plan and to implement the recommendations in 2020/21.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. Not to provide a concessionary rate payment system.
- 4.2. Not to provide a direct debit system

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1. The Executive Member for Recycling and Waste and Political Liaison Board has been consulted.

6. FORWARD PLAN

- 6.1 This report contains a recommendation on a Key Executive decision that was first notified to the public in the Forward Plan on the 1st November 2019.

7. BACKGROUND

- 7.1. The Council want to provide an equitable and accessible garden waste service in the most efficient and effective way.
- 7.2. The Waste Contract does not currently include for the provision of administering concessionary rates for the garden waste service. Although included in the Contract as a payment method, Direct Debits have yet to be implemented.
- 7.3. The Council have approximately 55,000 households of which 90% are considered eligible for the garden waste service (properties with gardens). In 2018/19 approximately 29,000 households (58%) signed up to the service at a cost of £40. In 2019/20 at the time of writing this report there are currently 26,949 households signed up to the service.
- 7.4. Due to service disruption in 2018/19 the Council agreed a free three month extension to all subscribers of the garden waste service. This now means that the service year commences on the 1st August each year, there are no reductions for part year provision.
- 7.5. Our waste contractor, Urbaser, is responsible for the collection of the garden waste and for the management of the garden waste subscription service. Therefore any changes to the service need to be negotiated and agreed with the contractor in advance and will require an amendment to the Contract.
- 7.6. There has been historical disruption and poor levels of satisfaction with the sign up and renewal processes over the last two years. This has predominantly been due to the volume of resident contacts at the same time, which far exceed the telephone resources or web capacity. With additional problems relating to the use of mobile devices for payments. It is not possible to fully resource the volume of calls experienced in previous years, however an early renewal period and staggered contact with residents will help alleviate high call volumes.
- 7.7. The Contract relies on technology, primarily databases, which keep administration and management costs to a minimum. At the start of the Contract we implemented a new waste management system which caused some of the disruption experienced by residents due to lack of accurate historical collection data and other significant changes to services.
- 7.8. A third party company currently provides the web payment portal on behalf of Urbaser.

8. RELEVANT CONSIDERATIONS

8.1. With regard to implementing concessionary rates the following are the key considerations

- Agree concessionary rate principles as stated in 8.2
- Utilise the Council Tax Reduction Scheme as the evidence for eligibility for concessionary rates for garden waste. Any other process would be complicated, time consuming and costly. This is discussed further in para 8.7.
- The kiosk cash payment system is unable to be developed to accommodate concessionary payments these will therefore only be available through online and phone payment options.
- Any payment mechanism will need to provide a robust and secure process of transferring data from the Council Tax Reduction Scheme.
- The Contractor's current third party software provider who currently manage the web payment portal are unable to facilitate further changes to the payment system and therefore a new provider needs to be procured.
- It is not possible to make software changes to the Waste Management System to facilitate the taking of payments. The contractor and 'real world' customers will need to test the new payment system before going live. It is intended to fully test the system with a small number of households that are eligible for a concessionary rate from April 2020.
- It is anticipated that a special meeting of Cabinet will be required by no later than March if the concessionary charge is to be implemented in 2020. This is on the basis that there is still significant uncertainty surrounding practicalities and costs.

8.2. The following principles are proposed to be adopted as part of a concessionary rate

- a. 50% reduction in the standard rate, currently £40
- b. Concessions only apply to those households that receive Council Tax Reduction as stated in para 8.5 at the time of application and they be required to provide evidence of eligibility by providing a unique benefit reference number for the concessionary rate to be applied
- c. The unique reference number can only be used for one property annually, and for the property which the claimant is resident. Applicants will need to renew annually for concessionary rates as their personal circumstances may change during the year. A direct debit payment option will therefore not be available for these residents.

8.3. Officers would recommend that the new payment system is implemented from no later than April 2020, for the project to be successful. This is because there will be significant development changes required with third party providers to implement both the newly adopted Direct Debit and concessionary rate payments for garden waste.

8.4. Robust testing of the new system would be required and will include 'real world' testing with customers including customers applying for the concessionary rate. Any teething problems can be addressed quickly with a small number of customers.

- 8.5. The Council Tax Reduction Scheme for North Herts that is intended to be used to determine eligibility for the concessionary rates for garden waste is a means tested discount applied to Council Tax accounts for those on low incomes. The Scheme is closely aligned to Housing Benefit and is calculated taking the following into account:
- The amount of income of the claimant and partner, if applicable. This could be earned income from a job, or unearned income such as a pension or welfare benefits or could be a combination of the two
 - The amount of any capital held over £6,000
 - The circumstances of the household, i.e. number of dependents, whether there are any disabilities, certain outgoings such as the cost of child care, whether there are any non-dependants in the household and the amount of Council Tax payable
- 8.8 In terms of taking concessionary payments by cash, this cannot be achieved with existing cash receipting facilities because there is no means of determining whether any particular customer is eligible for the concession. The Council closed its cash receipting function on 31 March 2005 and has since then had no facilities to accept cash across the counter. The decision to close the cash office was made in the light of decreasing demand making it no longer cost-effective. The Council cannot refuse to accept cash for statutory services such as Council Tax but can do so for discretionary services.
- 8.9 In 2019, there were 521 cash payments taken at the kiosk compared with 1,075 taken by debit and credit card. These figures are higher than expected in 2020 due to problems with the on-line service last year.
- 8.10 Very few customers nationally in receipt of Council Tax Reduction don't have access to a bank account and therefore debit card. This is a requirement for accepting state retirement pensions and welfare benefits such as Universal Credit and Housing Benefit.

9. LEGAL IMPLICATIONS

- 9.1. Paragraph 5.6.1 of the Council's Constitution confirms Cabinet's authority *"To prepare and agree to implement policies and strategies other than those reserved to Council."*
- 9.2. Section 45(3) of the Environmental Protection Act 1990 states *"no charge shall be made for the collection of household waste except in cases prescribed in regulations made by the Secretary of State"*. Section 4 of Schedule 1 of the Controlled Waste (England and Wales) Regulations 2012 states that charges may be made for the collection of household garden waste.
- 9.3 Section 45(3) of the Environmental Protection Act 1990 requires that collection authorities make a reasonable charge for the collection of household garden waste. The Council has therefore set a charge with a view to recovering its operational contract costs, overheads, risks and administration costs. Cabinet may choose to update its waste collection policies to include a garden waste charge subsidy for certain residents based on criteria subject to an equality impact assessment and data impact assessment.
- 9.4 The Waste Contract will require a Contract Variation to clarify the changes of responsibility required of Urbaser in the collection of concessionary payments.

- 9.5 It is advisable for the Council to update its enforcements policies to cover applications for the proposed concessionary rate.

10. FINANCIAL IMPLICATIONS

- 10.1. This report is seeking a decision on the scope of how concessions will operate. The system proposed is believed to be the simplest possible and therefore should be the lowest cost to implement and operate on an ongoing basis. Following a decision on the principles of the concession system, work will be carried out to determine what the costs involved will be. Up-front revenue costs could be incurred in either 2019/20 or 2020/21. It will need to be assessed whether this can be delivered within the budgetary control framework or if there will be a need for a referral back to Cabinet.
- 10.2. The draft budget for 2020/21 onwards includes an estimate of the ongoing cost of providing the concessionary rate. This attempts to reflect the lost income from those that are currently paying £40, but will become eligible for the reduced £20 rate. This is based on there being a similar level of take-up (50%) of the current service amongst those that would be eligible for a concessionary rate as amongst the total population. It is expected that this will be an over-estimate as the current take-up is likely to be lower than amongst the wider population e.g. due to not being able to afford the £40 charge. No allowance has been made for ongoing administration costs, so this will off-set the expected over-estimate on take-up levels. There has been no assumption made on the impact of the concessionary rate increasing take-up.

11. RISK IMPLICATIONS

- 11.1. The transfer of Data from the Councils benefit system to the Waste Contractor, and other relevant third parties, will need to be set up in line with the GDPR rules in order to ensure there is no risk to sensitive personal data.
- 11.2. Efforts have been made to balance the simplicity of the provision of the concessions system with sufficient controls to check eligibility. However there is a risk that the system will allow a discount to be claimed incorrectly or not allow a discount when it should be allowed. The system testing should help to reduce this risk.
- 11.3. If there are any complications regarding setup and implementation, there is the potential for service disruption and negative impact on residents, including those residents wanting to receive a garden waste service but are not eligible for a concession or do not wish to pay by direct debit. This is because a new web portal development is required. Starting the renewal process in April 2020 should help mitigate many of the risks as the subscription year starts in August.
- 11.4. The ability of Waste Contractor to procure new third party contractors to develop a new payment portal to incorporate a two tier payment system and direct debits.
- 11.5. One off capital and ongoing revenue costs are not certain at this stage and this creates financial risk to the Council.
- 11.6. In the event the system cannot be automated there will be additional on-going revenue costs associated with manual input (Para's 2.3 & 8.3)

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. A concessionary rate policy may provide more access to some of our financially disadvantaged residents for our garden waste service. Section 7.6 notes a mitigating action to address the issues with the renewal service. Section 8.1 notes the availability of only online and phone payments. Section 8.4 states that the system will be robustly tested and any adverse impacts on residents will be noted and action on where feasible. An initial Equality Impact Assessment has been completed (Appendix A)

13. SOCIAL VALUE IMPLICATIONS

- 13.1. The Social Value Act and “go local” requirements do not apply to this report. However, a concessionary rate for the garden waste charge would improve residents access to this service

14. HUMAN RESOURCE IMPLICATIONS

- 14.1. There are no direct human resources implications at this stage however if manual intervention is required for the processing of payments then this will need to be further reviewed.

15. APPENDICES

- 15.1. Appendix A – Equality Impact Assessment

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17. BACKGROUND PAPERS

17.1. None

Equality Analysis

Equality Analysis Template

1. Name of activity:	Garden Waste Service			
2. Main purpose of activity:	a. implementing concessionary rates in the following manner b. 50% reduction in the standard rate, currently the rate is £40 c. Concessions only apply to those households that receive council tax reduction (to be required to provide evidence of eligibility by providing a unique reference number relating to the already established the CTRS benefit).			
3. List the information, data or evidence used in this assessment:	Existing garden waste subscribers and policies, council tax benefit database and policies			
4. Assessment				
Characteristics	Neutral (x)	Negative (x)	Positive (x)	Describe the person you are assessing the impact on, including identifying: community member or employee, details of the characteristic if relevant, e.g. mobility problems/particular religion and why and how they might be negatively or positively affected. Negative: What are the risks? Positive: What are the benefits?
Community considerations (i.e. applying across communities or associated with rural living or Human Rights)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Negative There is a possibility that those on a low income may not be on receipt of CTRS and not benefit from this reduction on fee. Those on low incomes may still choose not to spend funds on garden waste removal over other essential purchases/costs
				Positive a. Those that are part of the CTRS are on low incomes and therefore are most likely to benefit from a reduction in the charge if they apply. The CTRS is already a well used method of means tested benefit provision.
A person living with a disability	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Negative
				Positive This group may have less available funds for spending on non-essential items such as garden waste collections.
A person of a particular race	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Negative n/a
				Positive n/a
A person of a gay, lesbian or bisexual sexual	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Negative n/a

Equality Analysis

orientation				Positive
				n/a
A person of a particular sex, male or female, including issues around pregnancy and maternity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Negative
				n/a
				Positive
				n/a
A person of a particular religion or belief	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Negative
				n/a
				Positive
				n/a
A person of a particular age	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Negative
				Some elderly residents have a lower income and therefore have less available funds for spending on non-essential items such as garden waste collections. Elderly residents may be capital rich and revenue poor so may not meet the criteria for means testing.
				Positive
				Elderly residents may need assistance to remove their garden waste, which they cannot achieve themselves. By paying for removal this reduces a burden on them.
Transgender	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Negative
				n/a
				Positive
				n/a

5 Results

	Yes	No	
Were positive impacts identified?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Greater uptake of the paid garden waste scheme to reduce the impact on the environment. Ensures the service is made more accessible to the community.
Are some people benefiting more than others? If so explain who and why.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	All householders that pay for the service benefit from the removal of green waste.
Were negative impacts identified (what actions were taken)	<input type="checkbox"/>	<input type="checkbox"/>	Some residents on a lower income may not be eligible for CTRS – CTRS is already established as a trusted means tested benefit system and can be translated to a concessionary rate decision for garden waste. There are no current reductions for part year provision. This may disadvantage those who circumstances

Equality Analysis

			change within the year.
6. Consultation, decisions and actions			
If High or very high range results were identified who was consulted and what recommendations were given?			
None identified			
Describe the decision on this activity			
n/a			
List all actions identified to address/mitigate negative impact or promote positively			
Action	Responsible person	Completion due date	
n/a	n/a	n/a	
When, how and by whom will these actions be monitored?			
n/a			
7. Signatures			
Assessor			
Name:		Signature**	
Validated by			
Name:		Signature**	
Forward to the Corporate Policy Team			
Signature**			
Assessment date:		Review date:	

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

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

CABINET 28 JANUARY 2020
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*PART 1 – PUBLIC DOCUMENT

TITLE OF REPORT: COMMUNITY GRANTS POLICY REVIEW

REPORT OF THE POLICY AND COMMUNITY ENGAGEMENT MANAGER

EXECUTIVE MEMBER: EXECUTIVE MEMBER FOR COMMUNITY ENGAGEMENT

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

1. EXECUTIVE SUMMARY

- 1.1. This report outlines the proposed review of the Community Grants policy and criteria. It outlines a timetable regarding further consultation, with Councillors sitting on each of the five Area Committees; with the view that any changes and updates will be in place for the new policy to commence at the start of the forthcoming financial year 2020/21.

2. RECOMMENDATIONS

- 2.1 That Cabinet review and approve the updated Community Grant policy and criteria.

3. REASONS FOR RECOMMENDATIONS

- 3.1 The awarding of grant funding awards to organisations, charities and voluntary groups, and the use of grant budgets devolved to Area Committees allows the Authority to further its aims and overarching Priorities of the Council and District.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 There are no alternative options being proposed other than those detailed within the text of this report. However in the course of debate at Committee, Councillors may wish to offer additional comments in relation to the contents of the document to be discussed which is outlined in Appendix 1.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 Consultation has taken place with relevant officers in Legal, Finance, Policy and Community Engagement.

- 5.2 Consultation has taken place with Policy & Community Engagement team, the Executive Members and Deputy Executive Members for Community Engagement and Finance.

6. FORWARD PLAN

- 6.1 This report contains a recommendation on a key Executive decision that was first notified to the public in the Forward Plan on the 15th November 2019.

7. BACKGROUND

- 7.1. The grant policy was last reviewed in late 2015 and the current grant policy agreed by Cabinet in June 2016. Over the last three years Area Committee budgets have been decreasing by 20% each year and the general funding climate has been becoming more challenging for all. Officers are recommending that there is a need to simplify the criteria in order to make the process of applying for and assessing community grants more streamlined and accessible for a wide range of organisations.

8. RELEVANT CONSIDERATIONS

- 8.1. Officers have researched the funding criteria used by other local authorities in the county and those of a similar size to North Hertfordshire District. We looked at the way Hertfordshire County Council assess their Locality Budget Grants and other authorities such as East Herts and Braintree who have a similar Community Grant scheme to NHDC.

The new policy has been drafted using the elements from these grant criteria that best fitted with the NHDC Area Committee system. The new criteria were then discussed with the Executive members and the following are a summary of the new criteria (*as outlined in Appendix 1 Draft Community Grant Policy*)

8.2 Changes to eligibility criteria

- 8.2.1 The policy outlines a more inclusive approach to the types of organisations that can apply for Community Grants. In addition to the those organisations that have charitable status, voluntary sector groups, community groups Community Interest Companies (CIC) and Community Interest Organisations (CIO) we would also accept applications from Schools / Academies, Business Improvement District groups (Town Centre Partnerships), Parish and Town Councils. In terms of the Schools and organisations that set a precept the funding would have to be for a project or activity that is beyond their usual remit and for the benefit of the wider community.
- 8.2.2 The new policy does not make reference to the organisation having to find 30% of the funds towards any project / activity from other sources. Although projects that show partnership working and/or joint funding will strengthen their application.
- 8.2.3 The 2016 Policy states that applicants are ineligible for funding if they have had any other funding from NHDC within 2 years. This will no longer apply under the new policy however; officers will promote the grant scheme to encourage applications from organisations who have not applied in the past.

- 8.2.4 The 2016 criteria were also very prescriptive in regard to the organisations' financial position which necessitated detailed examination of the organisation's accounts. In some cases organisations were ineligible as they had more than 6 months running costs held in their reserves. For larger organisations especially those operating a building or who have staff it would be prudent to have at least 12 months running costs held in reserve. The proposed criteria states that officers should check that the organisation is financially stable. Officers will continue to use documents such as organisations' accounts and/or bank statements in order to assess their financial viability.

8.3 Grant Assessments

- 8.3.1 All applications for grant funding will be carefully assessed to ensure that funding is allocated to projects or activities and areas that will have the most beneficial impact on the residents of North Hertfordshire.
- 8.3.2 Any funding provided should be utilised within 12 months of receipt of the funds and if for any reason it hasn't been used the organisation should report back to the Committee and if necessary return the funds.
- 8.3.3 Priority will be given to projects that fulfil an identified need in the local community and provide good value for money.
- 8.3.4 Officers will also be looking for evidence of partnership working and efforts to seek joint funding.

8.4 Monitoring

- 8.4.1 Grant monies awarded must only be spent on activities as described in the application.
- 8.4.2 Officers will require details of how the grant was spent, and the provision of receipts, within one year of the decision.
- 8.4.3 Any unspent funds must be returned to the Council.
- 8.4.4 Details later proved to be incorrect may prejudice a subsequent application and could result in a requirement to repay any funding awarded.

8.5 Process

The grant process will not change substantially. Applicants will complete a similar application form which will be available via the NHDC website or on request. The contents of the application will be expressed in the Grant Report to the relevant Area Committee. Where required the applicants will provide a short presentation at the Committee meeting. The Committee will use its powers of delegation to decide to what level, if any, they wish to support the grant and whether they wish to place any conditions on the release of grant payments.

The policy does make mention of a central grant mechanism for applications that are District wide. It has been proposed to change to the remit of the Capital Grant Panel to include District wide applications and in this instance the same policy and criteria will apply as outlined in Appendix 1.

9. **LEGAL IMPLICATIONS**

- 9.1 Section 9.1 of the constitution states that 'Area Committees must operate within Council policy and decisions must be consistent with the Budget and Policy framework and service specific policies.'

In order to promote close working with our communities there are five Area Committees which cover different geographical areas of the district. The Area Committees are given substantial powers and responsibilities, within the parameters of the policies set by the Council and Cabinet and as set out in the terms of reference, including the ability to consider and report to Cabinet and Council on any matter affecting their area. Area Committees must operate within Council policy and decisions must be consistent with the Budget and Policy framework and service specific policies.

- 9.2 Section 9.3 sets the delegations as the following – 'The Council and Cabinet will include details of the delegations to Area Committees. The delegations to Area Committees will include budgets for the purpose of providing grants and discretionary budgets that may be used within the area of the Committee for economic, social and environmental well-being.

Section 9.8 sets the Terms of Reference for the Area Committees as:

9.8.1 Policy - exercise of decisions by resolution - (in relation to the budgets)

- (a) To allocate discretionary budgets within the terms determined by the Council.
- (b) To allocate devolved budgets and activities within the terms determined by the Council.

- 9.3 The current delegations are as follows:

Delegated powers

The provision of revenue¹ grant aid/financial support where the grant aid/financial support is to facilitate an event which will take place prior to the next meeting of the Area Committee.

Delegated Members and Officers

The Service Director: Legal and Community in consultation with the Chairman or Vice Chairman of the relevant Area Committee.

¹ This does not include Capital Grants recommended through the Capital Grant Panel

- 9.3.1 Following proposed changes under the Constitution Review 2019/20 the Delegated Authority for both revenue and capital grants will be transferred to the appropriate Executive Member in consultation with the officer responsible for assessment of the grant application.

10. FINANCIAL IMPLICATIONS

- 10.1. Cabinet considered the first draft of the budget for 2020/21 at their meeting in December. At that meeting they approved two proposals relating to community grants. Firstly, that the allocation for Area Committees should be retained at the 2019/20 level of £42k per year on an ongoing basis. Secondly, the creation of a one-off District-wide pot of £10k in 2020/21.
- 10.2. Previously Parish, Town and Community Councils and Business Improvement Districts were excluded from applying for Community Grants. This was partly due to the fact that they were able to raise their own funds through precepts and levies. For Parish, Town and Community Councils there are currently no limits on the extent to which they can increase their precept each year. The District Council is limited as to how much it can raise Council Tax by without the requirement for a local referendum. For 2020/21 it is expected that this increase will be 2% or £5 (band D equivalent). This therefore could provide Parish, Town and Community Councils with much greater scope to undertake discretionary activities than would be available to the District Council.
- 10.3 There are no specific capital implications. Community groups that operate community venues may be eligible to apply for capital grants via the Community Facilities Capital Projects Fund.

11. RISK IMPLICATIONS

- 11.1. There are no relevant risk entries that have been recorded on Pentana Risk, the Council's performance and risk system. Individual events should have their own risk assessments in place to mitigate any health and safety issues. Whenever a request for grant funding for equipment is received, the recipient of the funding will be advised to obtain insurance for the item to avoid a repeat request for funding in the event of the equipment being stolen or damaged. There are no pertinent risk implications for the Authority associated with any items within this report.

12. EQUALITIES IMPLICATIONS

- 12.1. In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2. For organisations to be compliant with both the current and new grant criteria they must demonstrate an open-door membership policy, and provide services that are accessible to all. This does not preclude single-gender organisations from applying as long as they can demonstrate that they comply with the Equality Act 2010.

13. SOCIAL VALUE IMPLICATIONS

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

14. HUMAN RESOURCE IMPLICATIONS

- 14.1 There should be no implication financially on staff time. As the process will be more straightforward given the streamlining of the assessment criteria it could take up less staff time than the current policy.

15. APPENDICES

- 15.1 Appendix 1. - Draft Grant Policy Review
15.2 Appendix 2 - Draft Grant Policy Review – with comments from Area Committees

16. CONTACT OFFICERS

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17. BACKGROUND PAPERS

- 17.1. Review of Policies and Procedures for Financial Assistance to Voluntary and Community Organisations, November 2002.
17.2. Review of Grant Policy Cabinet June 2016.

Community Grants Policy

1. INTRODUCTION

1.1 North Hertfordshire District Council is committed providing support to community groups and organisations working in the district to deliver services, build capacity and sustainability, and contribute positively to the achievement of the Council's priorities for the District.

The Council recognises the significant contribution made by the voluntary and community sector to deliver services and contribute positively to the achievement of the Council's priorities for the District.

The Council's Area Committees will seek to establish and maintain relationships with outside bodies/voluntary organisations operating specifically within the area including, where appropriate, the provision of discretionary grant aid / financial support etc.

1.2 Any provision of grant funding will seek to support activities that are 'open to all' and do not exclude any specific group of people.

1.3 North Hertfordshire District Council will not authorise the award of a grant which goes against the Council's policies or seeks to reverse a previous decision.

1.4 This document sets out the terms and conditions under which applications to the council should be made, the criteria for the award and the context in which applications will be considered.

2. ELIGIBILITY CRITERIA

2.1. **Applications will be accepted from organisations that are:**

A. Volunteer led or operated on a not-for-profit basis, such as, but not limited to:

- Registered Charities (*that have a charity number*)
- Un-registered Charities (with income under £5000), Constituted Groups or Clubs (*e.g. including children, youth and the elderly, etc*) -
- Community Interest Companies (CIC) or Community Interest Organisations (CIO)
- Schools / Academies (*providing the activity is beyond their statutory responsibilities*)
- Social Enterprises
- Sports Clubs
- Resident Groups / Clubs
- Faith based organisations (*where they are including the wider community*)
- Business Groups and Organisations (*including the BIDs*) (*on condition that the funding is for something that provides Additionality*)



- Parish, Town and Community Councils (*on condition that the funding is for something that provides Additionality*)
- B. Be for the benefit of residents of North Hertfordshire.
- C. Be able to demonstrate financial viability by providing details of income and expenditure and, where relevant, demonstrate compliance with previous grant conditions.
- D. Have an open-door membership policy, and provide services that are accessible to all. This does not preclude single-gender organisations from applying as long as they can demonstrate that they comply with the Equality Act 2010.
- E. Either be formally constituted or demonstrate a good governance structure, including a Management Committee or Board of Trustees that are not all immediately related.
- F. Be able to demonstrate financial need and that other sources and options for funding have been considered.
- G. Be able to demonstrate the award of the grant provides Additionality to the service provision of the organisation

2.2 In the case of projects that involve work on a building or outdoor space, the group or organisation must:

- *Own the freehold of the land or building, or have a lease which cannot be brought to an end by the landlord for at least five years after the work has been completed.*
- *Have the relevant permissions/ licences in place (e.g. planning consent).*

2.3 In the case of projects that involve working with children, young people or vulnerable adults, the group or organisation must:

- *Have a safeguarding policy.*
- *Have completed DBS checks as appropriate.*
- *Have undertaken safeguarding training as necessary.*

3. FUNDING INFORMATION

3.1. The Council may support and provide financial assistance for projects as outlined below:



Example of Projects ELIGIBLE for funding	Projects NOT ELIGIBLE for funding
<ul style="list-style-type: none"> • Activities • Events • Equipment • Publicity and Publications • Repairs and Maintenance • Site and Building works • Training/Workshops • Travel and Transport (not overseas) • Venue Hire • Refreshments (not alcohol) 	<ul style="list-style-type: none"> • Activities or events already commenced • Alcohol • A service that the state is obligated to provide. • Charitable donations. • Contingency cost, loans, endowments or interest. • Goods and Services already received or paid for • Land or building where ownership (freehold or eligible lease) is not yet established. • Political or religious activities. • Purchase of items on behalf of another • Recoverable VAT

4. APPLICATION SUBMISSION PROCESS

- 4.1. All requests for funding must be submitted on the council's Community Grant application form along with all the required supporting documentation.
- 4.2. The form is available as a Microsoft Word file downloadable from the Council's website. *(Wherever possible this should be completed and returned electronically in Microsoft Word.)*
- 4.3. Community Grant applications are considered quarterly at the relevant Area Committee and a listing of application deadlines is published on the Council's website.
- 4.4. District wide Community Grant applications may be considered by a District- wide panel. The panel will meet at least twice a year, and once in July of each civic year, after Cabinet have approved any revenue carry-forwards from the Area Committees and another date to be agreed. *
- 4.5. You can find the Community Grant application forms at <https://www.north-herts.gov.uk/home/community/grants/area-committee-grants>

5. ASSESSMENT CRITERIA

5.1. All applications for grant funding will be carefully assessed to ensure that funding is allocated to projects or activities and areas that will have the most beneficial impact on the residents of North Hertfordshire

5.2. The assessment process will use three main criteria:

A. Feasibility Assessment	B. Priority Assessment
<ul style="list-style-type: none">• Will the funding benefit residents of North Hertfordshire?• Will it be spent within 12 months from receiving the funding)?	<ul style="list-style-type: none">• Does the project fulfil a need for the local community?
	C. Economic Assessment
	<ul style="list-style-type: none">• Does it provide good value for the money?• Is the applicant financially viable

5.3. **Other areas for consideration, which may strengthen an application:**

- Partnership with other groups involved in this type of work.
- Efforts to seek additional joint funding from other sources
- If the organisation has not applied to NHDC in the past or for a long period of time

6. TERMS OF THE AWARD

6.1. Grant monies awarded must only be spent on activities as described in the application, within one year of the decision.

6.2. The Council will require details of how the grant was spent, and the provision of receipts, within one year of the decision.

6.3. Any unspent funds must be returned to the Council.

6.4. Details later proved to be incorrect may prejudice a subsequent application and could result in a requirement to repay any funding awarded.

** 4.4 – The District-wide panel referred to in this item is planned to be an addition to the remit of the Community Facility Capital Grant Panel.*



At their meeting on the 17th December, Cabinet approved the inclusion of one-off funding for district-wide grants in 2020/21. If agreed by Full Council in February (as part of the budget process), the £10k would provide a guaranteed funding source in the first year. This will allow demand for the district-wide grants to be determined, as well as the impact on the area committees. Depending on the outcomes, alternative funding will need to be identified for 2021/22 and beyond.

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Community Grants Policy

1. INTRODUCTION

1.1 North Hertfordshire District Council is committed providing support to community groups and organisations working in the district to deliver services, build capacity and sustainability, and contribute positively to the achievement of the Council's priorities for the District.

The Council recognises the significant contribution made by the voluntary and community sector to deliver services and contribute positively to the achievement of the Council's priorities for the District.

The Council's Area Committees will seek to establish and maintain relationships with outside bodies/voluntary organisations operating specifically within the area including, where appropriate, the provision of discretionary grant aid / financial support etc.

1.2 Any provision of grant funding will seek to support activities that are 'open to all' and do not exclude any specific group of people.

1.3 North Hertfordshire District Council will not authorise the award of a grant which goes against the Council's policies or seeks to reverse a previous decision.

1.4 This document sets out the terms and conditions under which applications to the council should be made, the criteria for the award and the context in which applications will be considered.

2. ELIGIBILITY CRITERIA

2.1. **Applications will be accepted from organisations that are:**

A. Volunteer led or operated on a not-for-profit basis, such as, but not limited to:

- Registered Charities (*that have a charity number*)
- Un-registered Charities (with income under £5000), Constituted Groups or Clubs (*e.g. including children, youth and the elderly, etc*) -
- Community Interest Companies (CIC) or Community Interest Organisations (CIO)
- Schools / Academies (*providing the activity is beyond their statutory responsibilities*)
- Social Enterprises
- Sports Clubs
- Resident Groups / Clubs
- Faith based organisations (*where they are including the wider community*)
- Business Groups and Organisations (*including the BIDs*) (*on condition that the funding is for something that provides Additionality*)



- Parish, Town and Community Councils (*on condition that the funding is for something that provides Additionality*)
- B. Be for the benefit of residents of North Hertfordshire.
- C. Be able to demonstrate financial viability by providing details of income and expenditure and, where relevant, demonstrate compliance with previous grant conditions.
- D. Have an open-door membership policy, and provide services that are accessible to all. This does not preclude single-gender organisations from applying as long as they can demonstrate that they comply with the Equality Act 2010.
- E. Either be formally constituted or demonstrate a good governance structure, including a Management Committee or Board of Trustees that are not all immediately related.
- F. Be able to demonstrate financial need and that other sources and options for funding have been considered.
- G. Be able to demonstrate the award of the grant provides Additionality to the service provision of the organisation

2.2 In the case of projects that involve work on a building or outdoor space, the group or organisation must:

- *Own the freehold of the land or building, or have a lease which cannot be brought to an end by the landlord for at least five years after the work has been completed.*
- *Have the relevant permissions/ licences in place (e.g. planning consent).*

2.3 In the case of projects that involve working with children, young people or vulnerable adults, the group or organisation must:

- *Have a safeguarding policy.*
- *Have completed DBS checks as appropriate.*
- *Have undertaken safeguarding training as necessary.*

3. FUNDING INFORMATION

3.1. The Council may support and provide financial assistance for projects as outlined below:



Example of Projects ELIGIBLE for funding	Projects NOT ELIGIBLE for funding
<ul style="list-style-type: none"> • Activities • Events • Equipment • Publicity and Publications • Repairs and Maintenance • Site and Building works • Training/Workshops • Travel and Transport (not overseas) • Venue Hire • Refreshments (not alcohol) 	<ul style="list-style-type: none"> • Activities or events already commenced • Alcohol • A service that the state is obligated to provide. • Charitable donations. • Contingency cost, loans, endowments or interest. • Goods and Services already received or paid for • Land or building where ownership (freehold or eligible lease) is not yet established. • Political or religious activities. • Purchase of items on behalf of another • Recoverable VAT

4. APPLICATION SUBMISSION PROCESS

- 4.1. All requests for funding must be submitted on the council's Community Grant application form along with all the required supporting documentation.
- 4.2. The form is available as a Microsoft Word file downloadable from the Council's website. *(Wherever possible this should be completed and returned electronically in Microsoft Word.)*
- 4.3. Community Grant applications are considered quarterly at the relevant Area Committee and a listing of application deadlines is published on the Council's website.
- 4.4. District wide Community Grant applications may be considered by a District- wide panel. The panel will meet at least twice a year, and once in July of each civic year, after Cabinet have approved any revenue carry-forwards from the Area Committees and another date to be agreed. *
- 4.5. You can find the Community Grant application forms at <https://www.north-herts.gov.uk/home/community/grants/area-committee-grants>

5. ASSESSMENT CRITERIA

5.1. All applications for grant funding will be carefully assessed to ensure that funding is allocated to projects or activities and areas that will have the most beneficial impact on the residents of North Hertfordshire

5.2. The assessment process will use three main criteria:

A. Feasibility Assessment	B. Priority Assessment
<ul style="list-style-type: none">• Will the funding benefit residents of North Hertfordshire?• Will it be spent within 12 months from receiving the funding)?	<ul style="list-style-type: none">• Does the project fulfil a need for the local community?
	C. Economic Assessment
	<ul style="list-style-type: none">• Does it provide good value for the money?• Is the applicant financially viable

5.3. **Other areas for consideration, which may strengthen an application:**

- Partnership with other groups involved in this type of work.
- Efforts to seek additional joint funding from other sources
- If the organisation has not applied to NHDC in the past or for a long period of time

6. TERMS OF THE AWARD

6.1. Grant monies awarded must only be spent on activities as described in the application, within one year of the decision.

6.2. The Council will require details of how the grant was spent, and the provision of receipts, within one year of the decision.

6.3. Any unspent funds must be returned to the Council.

6.4. Details later proved to be incorrect may prejudice a subsequent application and could result in a requirement to repay any funding awarded.

** 4.4 – The District-wide panel referred to in this item is planned to be an addition to the remit of the Community Facility Capital Grant Panel.*



At their meeting on the 17th December, Cabinet approved the inclusion of one-off funding for district-wide grants in 2020/21. If agreed by Full Council in February (as part of the budget process), the £10k would provide a guaranteed funding source in the first year. This will allow demand for the district-wide grants to be determined, as well as the impact on the area committees. Depending on the outcomes, alternative funding will need to be identified for 2021/22 and beyond.

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**CABINET
28 JANUARY 2020**

***PART 1 – PUBLIC DOCUMENT**

TITLE OF REPORT: CLIMATE CHANGE STRATEGY 2020 -2025

REPORT OF THE POLICY AND COMMUNITY ENGAGEMENT MANAGER

EXECUTIVE MEMBER: EXECUTIVE MEMBER FOR THE ENVIRONMENT AND LEISURE

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

NEW COUNCIL PRIORITY: RESPOND TO CHALLENGES TO THE ENVIRONMENT

1. EXECUTIVE SUMMARY

- 1.1. This report proposes a refreshed Climate Change strategy for adoption

2. RECOMMENDATIONS

- 2.1. That Cabinet review and approve the amended Climate Change Strategy and accompanying appendices, which sets out the Council's strategic priorities to reduce the organisation's impact on the environment.
- 2.2. That Cabinet adopt the following documents:
- Appendix 1 Climate Change Strategy 2020 -2025
 - Appendix A – Completed Actions
 - Appendix B – Proposed Actions

3. REASONS FOR RECOMMENDATIONS

- 3.1 In 2019, the Council passed a motion to declare a Climate Emergency, in this motion the Council pledged their commitment to achieve a target of zero carbon emissions by 2030. The revised strategy sets out how the council will do this.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. None.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 The discussions at the recently formed Cabinet Panel for the Environment have been taken into consideration in the renewal of the Strategy. As part of the approval of the Council plan, the proposed and completed actions, contained within the appendices, have been agreed by the Senior Management Team and Executive members.

6. FORWARD PLAN

- 6.1 This report contains a recommendation on a key Executive decision that was first notified to the public in the Forward Plan on the 1 November 2019.

7. BACKGROUND

- 7.1 Climate action has been a long term corporate priority area for NHDC, and it is currently pursued through the new objective to *Respond to Challenges to the Environment*. The warming of the earth brings milder and wetter winters, hotter and drier summers, more intense downpours and more frequent and intense flooding for North Hertfordshire. These changes pose great risk to the Council's service delivery. In accordance with this, the Council will continue to provide a clean and safe environment, in consultation and partnership with local people. We will continue to protect the natural and built-up environments and address the impacts of the climate emergency; in our approach to waste and recycling, food hygiene, environmental crime and the management of air quality areas.
- 7.2 Over the last thirteen years the Council has worked continuously to reduce our waste, reduce our CO₂ emissions and improve energy efficiency across the district. In 2007 we signed the Nottingham Declaration on Climate Change. In 2009 we published our original Climate Change Strategy, which we updated in 2013. Since then, the Council has passed several motions with the aim of encouraging residents, businesses and Council staff to Reduce, Reuse and Recycle plastics.
- 7.3 Most notably, in 2019, the Council passed a motion to declare a Climate Emergency; in this motion the Council pledged their commitment to do everything within its power to make North Hertfordshire Carbon Zero by 2030. The declaration, also in part, stated that officers would review the Council's Climate Change Strategy.

8. RELEVANT CONSIDERATIONS

- 8.1 At the twenty first meeting of the United Nations Conference of the Parties (COP21) to the United Nations Framework Convention on Climate Change (UNFCCC) in Paris, member states, including the British government reached a historic agreement to strengthen the global response to Climate Change. This agreement included a landmark commitment to *“holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels”*.
- 8.2 Following the Paris Climate Agreement, in 2018 the United Kingdom became the first major developed economy to assess how it will meet the terms of the agreement. As part of this process the UK Committee on Climate Change (CCC) assessed the nation’s progress on the targets outlined in the Climate Change Act 2008. The findings from their analysis highlighted that the UK is not on course to meet its target to reduce its greenhouse gas emissions by 80% on 1990 levels by 2050, nor transition to a low-carbon economy by 2050.
- 8.3 Already, the increase in temperature is having widespread impacts across the UK. Over the last ten years the UK has experienced a variety of climate-related extremes, including record wet winters, major floods and heatwaves.
- 8.4 Subsequently, the Intergovernmental Panel on Climate Change (IPCC) 2018 special report on Global Warming highlighted that any effort to limit global warming to 1.5°C as agreed in the Paris accord would require rapid, far-reaching and unprecedented changes in all aspects of society and the declaration of a Climate Emergency. In line with this, in their 2019 report the CCC similarly asserted that Climate Change requires more ambitious reductions and radical actions by national government, local authorities, businesses, communities and individuals. The CCC concluded that if radical steps are taken the UK can end its contribution to global warming within 30 years. The Climate Change Act 2008 is the UK’s long-term framework for tackling Climate Change. The Act aims to facilitate the UK’s transition to a low-carbon economy by 2050.

9. LEGAL IMPLICATIONS

- 9.1 Cabinet’s Terms of Reference include at 5.6.1 the power ‘to prepare and agree to implement policies and strategies other than those reserved to Council’.
- 9.2 The proposed actions at Appendix B have already been agreed as part of the adoption of the Council Plan 2020-2025. The strategic priorities for 2020-2025 will provide high level reference points to assist the Council making clear and effective decisions to reduce environmental impact.

10. FINANCIAL IMPLICATIONS

- 10.1 A number of the proposed actions detailed in Appendix B will require additional resource and costs to achieve. As part of the budget planning process it will be necessary to determine the ways that the actions can be achieved and the costs involved. There is likely to be a need to prioritise the actions, in terms of the extent to which they can be delivered and the timing of delivery, to ensure that the overall programme is affordable within the resources that the Council has available. The draft budget for 2020/21 onwards sets a target for the delivery of net savings of £1.2m per year by the end of 2023/24. As this is a net target, this does allow for additional costs relating to new priorities but does require that these will increase the gross savings (efficiencies, income generation or service changes) that need to be delivered.
- 10.2 The Council will continue to face difficult spending decisions in view of the current economic climate and the expected continuing reduction in government support in future years. The availability of funding will impact on the services that can be delivered. Individual projects will be costed to enable decisions to be made on the overall programme of activity that the Council can deliver.
- 10.3 The Council received significant capital funding from the housing stock transfer to settle (formerly North Herts Homes) (set-aside receipts). It has supplemented this with the receipts from the sale of surplus land and buildings (capital receipts). The strategy adopted by the Council has been to concentrate capital funding on those schemes that reduce revenue costs or generate income. It is forecast that the set-aside receipts will all be used up during 2020/21, and therefore capital funding will have to come from capital receipts or borrowing. The availability of assets that can be sold to generate capital receipts is also reducing. It is therefore important that any agreed capital projects reflect corporate priorities, to ensure effective use of diminishing capital resources particularly in view of the fact that capital spend is also required to maintain existing service provision.

11. RISK IMPLICATIONS

- 11.1 If the Council fails to plan and respond to the potential negative impacts of Climate Change, there is a risk that Council services are not able to adapt or respond to changes linked to Climate Change. This could lead to Services becoming less resilient and becoming ineffective in responding to adverse weather conditions/events
- 11.2 Following adoption of the Strategy, officers will review the current Risk Register entry relating to "The Authority's response to Climate Change". The updated risk will reflect the risks and opportunities relating to the delivery of the proposed actions and the achievement of the Strategic Priorities specified. This will subsequently be referred to the Risk Management Group and the Finance, Audit and Risk Committee for further consideration.

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 negative impacts attached to this strategy. However further equality impact assessments may be undertaken for individual proposed projects.

13. SOCIAL VALUE IMPLICATIONS

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

14. HUMAN RESOURCE IMPLICATIONS

- 14.1 There are no additional human resource requirements arising from this report. The resources needed to deliver services are considered and addressed through the service areas.

15. APPENDICES

- 15.1. Appendix 1 – Climate Change Strategy
- 15.2. Appendix A – Completed Actions
- 15.3. Appendix B - Proposed actions

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17. BACKGROUND PAPERS

- 17.1. None.

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Foreword/Introduction

We will seek to provide a clean and safe environment, in consultation and partnership with local people. We will engage local people and organisations as we progress towards our target of net zero carbon emissions by 2030, whilst taking action to enable and encourage residents to minimise their own carbon impact. We will protect the natural and built environment through our planning policies and an effective green spaces strategy. We will take action against environmental crime and ensure that our approach to waste and recycling promotes the hierarchy of reduce, re-use, recycle. We will complete the elimination of single use plastics from the council and support reductions in their use across the district. We will work to improve the monitoring and management of air quality across the district, prioritising those areas where air quality is most in need of improvement.

What is Climate Change

Climate change refers to a large-scale identifiable change in the planet's weather patterns that persists for an extended period, typically decades or longer.

The current period of warming is occurring more rapidly than in the past. Scientific evidence indicates that the natural fluctuation of temperature has been overtaken by a human-induced warming. This warming has come as a result of the changes that have occurred since the onset of the industrial revolution. These changes have serious implications for the future stability of the planet.

Mandate for Climate Action

At the twenty first meeting of the United Nations Conference of the Parties (COP21) to the United Nations Framework Convention on Climate Change (UNFCCC) in Paris, member states, including the British government reached a historic agreement to strengthen the global response to Climate Change. This agreement included a landmark commitment to *“holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels”*.

Following the Paris Climate Agreement, in 2018 the United Kingdom became the first major developed economy to assess how it will meet the terms of the agreement. As part of this process the UK Committee on Climate Change (CCC) assessed the nation's progress on the targets outlined in the Climate Change Act 2008. The findings from their analysis highlighted that the UK is not on course to meet its target to reduce its greenhouse gas emissions by 80% on 1990 levels by 2050, nor transition to a low-carbon economy by 2050.

Already, the increase in temperature is having widespread impacts across the UK. Over the last ten years the UK has experienced a variety of climate-related extremes, including record wet winters, major floods and heatwaves. In 2018 the UK Met office scientists published their climate projections for the next century based on different rates of greenhouse gas emissions into the atmosphere. The high emission scenario demonstrated that:

- Summer temperatures could be up to 5.4C hotter by 2070; Winters could be up to 4.2C warmer
- The chance of a summer as hot as 2018 is around 50% by 2050
- Sea levels in London could rise by up to 1.15 metres by 2100
- Average summer rainfall could decrease by up to 47 per cent by 2070, while there could be up to 35 per cent more precipitation in winter.
- The Committee for Climate Change stated in its 2018 report – *Managing the coast in a changing climate*, that coastal communities, infrastructure and landscapes in England were already under significant pressure from flooding and erosion.

Subsequently, the Intergovernmental Panel on Climate Change (IPCC) 2018 special report on Global Warming highlighted that any effort to limit global warming to 1.5°C as agreed in the Paris accord would require rapid, far-reaching and unprecedented changes in all aspects of society and the declaration of a Climate Emergency. In line with this, in their 2019 report the CCC similarly asserted that Climate Change requires more ambitious reductions and radical actions by national government, local authorities, businesses, communities and individuals. The CCC concluded that if radical steps are taken the UK can end its contribution to global warming within 30 years.

Current National Policy Environment

The Climate Change Act 2008 is the UK's long-term framework for tackling Climate Change. The Act aims to facilitate the UK's transition to a low-carbon economy by 2050. Since the Climate Change Act 2008, a number of national initiatives have been introduced to help meet targets.

- **The Carbon Plan 2011** identifies the emission reductions needed in five key areas of the economy; buildings; transport; industry; electricity; and agriculture to meet targets.
- **The Clean Growth Strategy 2017** outlines the plan to grow the national income while cutting greenhouse emissions.
- **The 25 Year Environment Plan** published in 2018, sets comprehensive goals and targets to improve the UK's air and water quality and protect threatened plants, trees and wildlife species.
- **The Resource and Waste Strategy 2018** outlines the actions the UK will take to minimise waste, promote resource efficiency and move towards a circular economy.
- **The Clean Air Strategy 2019** demonstrates how the national government will tackle all sources of air pollution, and boost the economy.
- **Climate Emergency Motion** affirmed Parliament's commitment to addressing Climate Change. While there is no single definition of a Climate Emergency, the general consensus is to work toward becoming carbon-neutral by 2030.

At the Paris Climate Conference (COP21) Agreement placed emphasis on the notion that the real solution to climate change would require wide scale collaboration and sharing of best practices. Whilst Britain leaving the EU will not necessarily mean that Britain will stop collaborating with international partners, there may be a change in the manner this collaboration takes place

NHDC Approach

Climate action has been a long term corporate priority area for NHDC, and it is currently pursued through our objective to *Respond to Challenges to the Environment*. The warming of the earth brings milder and wetter winters, hotter and drier summers, more intense downpours and more frequent and intense flooding for North Hertfordshire. These changes pose great risk to the Council's service delivery. In accordance with this, the Council will continue to provide a clean and safe environment, in consultation and partnership with local people. We will continue to protect the natural and built-up environments and address the impacts of the climate emergency; in our approach to waste and recycling, food hygiene, environmental crime and the management of air quality areas.

Over the last thirteen years the Council has worked continuously to reduce our waste, reduce our CO₂ emissions and improve energy efficiency across the district. In 2007 we signed the Nottingham Declaration on Climate Change. In 2009 we published our original Climate Change Strategy, which we updated in 2013. Since then, the Council has passed several motions with the aim of encouraging residents, businesses and Council staff to Reduce, Reuse and Recycle plastics. Most notably, in 2019, the Council passed a motion to declare a Climate Emergency, in this motion the Council pledged their commitment to do everything within its power to make North Hertfordshire Carbon Zero by 2030. As one of the first council's in the United Kingdom to pass this motion NHDC is leading the way for climate action. This declaration asserted the Council's commitment toward Climate Action beyond current government targets and international agreements.

Following this declaration, the Council established a Cabinet Panel on the Environment. The Panel is an advisory panel chaired by the Executive Member for Environment and Leisure, and Recycling and Waste alternatively. The Panel meets approximately six times per year, and the community and any person or body are welcomed and enabled to participate at meetings.

As part of the declaration, that when Council policies are reviewed, specific consideration is given to how the policies and related decisions and actions affect our contribution to climate change, and where necessary, update these policies to reduce our impact where possible. The inclusion of an Environmental implications section within the report and delegated decision template will ensure that impacts and mitigation measures and risks are identified at an early stage.

The Council will form a Climate Change Implementation Group. This group will support and receive input from the Cabinet Panel, co-ordinate and formulate climate change actions and make recommendations in relation to policy development.

The Council has based its footprint on buildings and will conduct a gap analysis of current activity to identify further actions which could be undertaken in respect of this and wider considerations.

Both the Climate Change Strategy and the Environment Panel and Implementation Group will seek to assist the Council address the range of issues relating to climate change (both mitigation of and adaption to the effects of climate change) and environmental matters in North Hertfordshire and minimise the causes of climate change within North Herts, where possible.

The Council remains committed to playing a leadership role in local efforts to address climate emergency. We will continue to approach climate action in an inclusive, fair and effective manner. However with limited policy tools and resources available, successfully achieving carbon zero aspirations will require cross sector partnerships between the North Hertfordshire District Council, Hertfordshire County Council, local businesses, and voluntary and community groups.

Strategic Priorities

1. Reducing our carbon footprint and influencing our polices.
2. Leadership across the district. This will identify how North Hertfordshire District Council can support local people and organisations across the district
3. Partnership working. By working together the Council will highlight and signpost other organisations and individuals to take action to reduce their own carbon impact.

1. Reducing our carbon footprint

Overview

The UK Committee on Climate Change has identified reducing emissions from local authority owned buildings, estates and operations as a key responsibility for local authorities. NHDC has made significant efforts to reduce emissions from its estate and operations over the past eighteen years and will continue to plan our work with a view to reducing our energy usage from our own estate.

The **three** key areas of focus, below contribute most to council's carbon footprint and are areas where the council has the most scope to influence emissions:

1. Reducing emissions from the District Council's estate and operations.
2. Improving use of sustainable transport in our operations.
3. Reducing our consumption of resources, increasing recycling and reducing waste.

2. Leadership across the district

Overview

The UK Committee on Climate Change emphasises the leadership role local authorities have in supporting residents and businesses to reduce their emissions. The Council will continue to provide leadership and support for residents and businesses to adapt to the impacts of planning projects and switch to renewable energy sources to change behaviour change in the community. In addition to this we will encourage the use of alternative models of sustainable transport to reduce car travel and congestion. We will continue to promote the waste hierarchy of reduce, reuse and recycle waste through our policies and campaigns..

3. Partnership Working

Overview

The Climate Emergency is a wide-spread cross-cutting issue, and requires a concerted and coordinated effort. It is therefore vital that we partner with local statutory, voluntary, community and private sector organisations in North Hertfordshire to ensure that we mitigate for and adapt to the Climate Emergency. Partnership working increases avoids duplication

and wasted resources. We will continue to work with local groups and organisations working to address the Climate Emergency to develop strategies for achieving zero carbon emissions by 2030..

Measuring, Monitoring and Evaluating Impact

This Strategy is accompanied by an Action Plan (appendix A), and a List of Achievements (appendix B). Impact will be measured and monitored annually, and a full evaluation will be undertaken in 2025.

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We will work to reduce the CO2 emissions from Council owned buildings.

- **In 2011, we launched our 'Green Office Project', Within fifteen months:**
 - We reduced the amount of waste sent to landfill from the District Council Office by 75%. This led to a saving of around £2500 in waste disposal costs and generated more than £4000 in income from the sales of used paper.
 - We Increased paper recycling by approx. 94%
 - We composted 23.372 tonnes of food/card
 - We recycled 1224kg of plastics/cartons, 1672kg glass and 236kg cans.
 - We were recognised by the Public Sector Sustainability (PSS) Awards 2012 with an award in the Green Office category under the '*most sustainable public sector project*'.
 - Purchase of energy from renewable sources – the Council have signed up using a green electrical supplier
- **In 2018, we made improvements to our internal waste management system:**
 - We redesigned our recycling bins and revised the labelling to reduce the amount of contamination in recycling bins.
 - We removed single use plastic water cups from our water fountains, replacing them with glasses and ceramic mugs, and encouraged staff to use their own water bottles and travel mugs where possible.
 - Made food recycling available in our offices.

We will work to reduce CO2 emissions in North Hertfordshire as a whole.

- We made improvement to our waste collection services to help residents and businesses increase recycling and reducing waste.
 - We introduced kerb side collections of mixed recyclables, batteries, textiles, paper, and garden waste.
 - We implemented a separate food waste collection system to encourage the diversion of food waste from landfill.
 - We provided mixed recycling services to businesses, and improved our commercial waste services
 - We joined the WasteAware Hertfordshire partnership, and have worked with the county, and the district and borough councils to promote waste and recycling education and campaigns, providing useful tips to help community members become waste aware.
 - We supported the Real Nappy Initiative to encourage residents to use reusable nappies over disposable, and have facilitated the rollout of the Real Nappy Starter Kit and the Nappy Incentive Scheme
- **We awarded community grants to local organisations that address Climate Change.**

- In 2018/19, Letchworth Transition Towns received funding for their Plastic Free Letchworth campaign.
- In 2017/18, we awarded St Pauls Walden Litter Picking Scheme with funding to purchase litter pickers for village clean up days.
- In 2016/17, Kimpton Parish Council received funding to support the purchase of litter pickers.
- In 2015/16, we awarded Clean Up Hitchin with funding for their litter campaign; Great Ashby Community Gardening Project also received for funding for their community gardening initiative
- **We passed two motions with the aim of encouraging residents, businesses and Council staffs to reduce, reuse and correctly recycle plastics.**
 - The first motion passed declared the Council's support of the principle of an initiative entitled "Plastic Free Letchworth", which is committed to supporting plastic free alternatives. This pilot project has now been extended to the rest of the district.
 - The second motion passed declared the Council's commitment to minimising its own use of plastics and to eliminate the use of single use plastics and replace with sustainable alternatives by 2022. It also requested that all of the Council's suppliers and contractors to remove single use plastics from their products and packaging as soon as possible.
- **We have installed several new drinking fountains at:**
 - Avenue Park, Baldock
 - Priory Memorial Gardens, Royston
 - Bancroft Park, Hitchin
 - Hitchin Outdoor Swimming Pool
 - Letchworth Outdoor Swimming Pool
- **Reduction in our estates emissions**
 - In 2014 our energy rating of the District Council office was 97 and emissions peaked at 292 CO2 tonnes per year. In 2019 our energy rating was 52 and emissions were 121 respectively.

We will work to ensure the Council plans to adapt to climate change.

- **We have instituted a Cabinet Panel on Climate Change. The Panel's Terms of Reference are to consider a range of climate and environmental issues and in particular to:**
 - Engage with individuals and the community, act as a sounding board on community ideas and projects and seek evidence and views as appropriate;
 - Consider a range of views on issues relating to climate change (both mitigation of and adaption to) and environmental matters;
 - Help and where appropriate maintain any links with relevant external (public, research and industrial) bodies;
 - Consider any relevant government or agency consultations and advise Cabinet or the relevant Executive Member and Service Director of a proposed response;

- Contribute towards the review of the Climate Change Strategy
 - Act as an advisory Panel to Cabinet in relation to the above.
- Climate Change risks, are recorded on the Council's Risk Register via Pentana Performance, an integrated suite of corporate performance and risk management software.
- Service managers within the council have carried out risk assessments to consider climate change and how they may continue to provide services to residents throughout such situations. Managers preparing the Business Continuity Plans do so while mindful of Climate Change.
- We have a comprehensive programme of tree management and maintenance in place to endeavour to adapt to climate change.
- Wild flower planting on roundabouts is part of a new district wide approach that is more sustainable also reducing the need for watering.
- We will be re-using waste water from the Avenue Park Water Splash feature to irrigate the bowling green and cricket pitch and potentially, nearby flower beds.
- Replacing our obsolete office computers with up to date desk tops to reduce our energy consumption. We are constantly reviewing all new procurements to ensure they are energy efficient and have better power energy ratings than the older equipment we are refreshing.
- *New ICT server virtualisation, voltage optimisation and network switch replacement generating c67% energy consumption savings'.*
-

We continue to support sustainable planning projects.

- NHDC Planning Officers have attended training sessions to reinforce knowledge on Climate Change issues and the information will be used to help inform our planning policies. The new Local Plan for the District will include planning policies which will help to address climate change issues, for example by including policies on the standards of design or renewable energy developments.
- Development control planners continue to negotiate with developers where possible to seek higher codes for sustainable homes, for example, the recent development at Cade Close, Letchworth for 60 homes has been constructed to code level 4 for sustainable homes following negotiations with the planning department. As the policy position strengthens it is likely that more developments will achieve these standards across the District.
- Our 'planning advice' page on the NHDC website includes a link to provide guidance for householders who are looking for advice relating to planning and building regulation matters for green energy projects and energy saving.

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1. Reduce our carbon footprint

- Identify the Council's wider current carbon foot print.
- Consult with the public and with interest groups of strategies for achieving zero carbon emissions by 2030.
- Identify the district carbon foot print and in consultation with the public to identify means by which the council can assist the residents and businesses on North Herts to achieve the target of zero emissions across the district by 2030.
- Purchase of energy from renewable sources.
- Consider all future operational vehicles leased or purchased by the council are Ultra Low Emission Vehicles and encourage contractors to adopt similar measures
- Install PV panels on council buildings where this is practical and economically viable.
- We will continue to work with our suppliers and contractors to minimise the environmental impact of their products and services across our sites/ Work with and where possible require our suppliers and contractors to reduce the impact of goods and services by considering whole life costs and ending our use of single use plastics.
- We will continue to build the capacity of officers to advise developers of carbon reductions and renewables applications/ We will continue to develop our understanding of the climate risks facing the district, and the adaptation actions that will have the greatest benefit.
- Ensure environmental risks and opportunities are managed positively.
- We plan to build on the success of the 'Green Office Project', and explore opportunities to increase staff awareness and reduce waste on our estate.
- We will minimise the production of waste from our own activities and adhere to the principles of the waste hierarchy.

2. Leadership across the district

- Explore the mechanism for tree planting on the Council's land and to encourage private landowners to do so.
- Installing additional electric vehicle charging points in council car parks to ensure that every car park has charging points in at least 5% of spaces, with a minimum of two spaces per car park.
- Installation of on street electric vehicle charging points in on street parking bays in town centres (in agreement with the County Council).
- Waste Electrical and Electronic Equipment (WEEE) Events 2-3 events per year.
- Discounts on garden waste charge for vulnerable residents.
- North Herts Plastics campaign - We will develop a communication strategy to increase local awareness of how to reduce, reuse, recycle waste.

3. Partnership working

- Exploring a range of ways in which local communities, including streets and neighbourhoods, can be encouraged to take some responsibility in supporting, improving and maintaining their local environment.

- Work with cycling groups to produce a cycling plan to promote cycling, including the use of electric bicycles, as a means of transport and identify simple to remove barriers.
- Agree a plan with Stevenage Leisure Limited (SLL) to eliminate single use plastics from Leisure Centres and Swimming Pools.
- Greater utilisation of Herts Waste Partnership (HWP).
- We will work with partners to explore opportunities to further integrate environmental awareness, sustainable practices and climate resilience into future projects. Where possible we will seek to promote energy efficiency standards, flood risk planning, sustainable drainage systems and renewable energy sources.
- We will continue to support and engage with local community groups that address climate change in their engagement and awareness raising events.
- We will support the Plastic Free Letchworth Initiative toward their goal of reducing single use plastic and establishing a Refill Scheme across North Hertfordshire.
- We will identify and act on opportunities to work together on joint carbon reduction projects

CABINET 28 JANUARY 2020
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*PART 1 – PUBLIC DOCUMENT

TITLE OF REPORT: FAIR COLLECTION POLICY

REPORT OF THE SERVICE DIRECTOR - CUSTOMERS

EXECUTIVE MEMBER: COUNCILLOR IAN ALBERT

CURRENT COUNCIL PRIORITY: RESPONSIVE AND EFFICIENT

NEW COUNCIL PRIORITY: BUILD THRIVING AND RESILIENT COMMUNITIES

1. EXECUTIVE SUMMARY

- 1.1 To seek Cabinet approval for the adoption of a Fair Collection Policy supported by adoption of the Council Tax Protocol and use of the Standard Financial Statement.

2. RECOMMENDATIONS

- 2.1 That Cabinet adopts the Fair Collection Policy at Appendix 1
- 2.2 That Cabinet approves adoption of the Council Tax Protocol at Appendix 6
- 2.3 That Cabinet notes that the Council now uses the Standard Financial Statement developed by the Money & Pension Service

3. REASONS FOR RECOMMENDATIONS

- 3.1 To incorporate existing practices used for the collection of money owed to the Council into an overarching policy.
- 3.2 To confirm the Council's practices and procedures especially those relating to potentially vulnerable customers.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. The Council has been developing its practices and procedures in this field for many years without codifying them into a single policy document. This is a means of achieving that objective. The alternative would be not to do so.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 The draft policy has been subject to consultation with the local branch of Citizens Advice, the Citizens Advice National Office and the Money Advice Trust. The Executive and Deputy Executive Members for Finance and IT have also been consulted.
- 5.2 Comments made by the consultees have been incorporated into the policy and have led to the proposals to adopt the Council Tax Protocol (Appendix 6), (which both of the Council's Collection Agents and the local Citizens Advice have also agreed to adopt) and the Standard Financial Statement (Appendix 8), which are part of the Money Advice Trust's Six Steps referred to as "Stop the Knock". Details of this can be found at Appendix 2

6. FORWARD PLAN

- 6.1 This report contains a recommendation on a key Executive decision that was first notified to the public in the Forward Plan on the 13 June 2019

7. BACKGROUND

- 7.1 At the Council Meeting on 17 January 2019, the following motion was put before the Council:

At a time of increasing debt, homelessness, poverty, hardship and uncertainty caused by the rollout of Universal Credit in North Hertfordshire, this Council resolves:

'To implement an ethical debt collection policy and align itself to best practice in both the private sector and other local authorities, which have abandoned the use of bailiffs for debt collection.

To ensure that value for money for council tax payers is maximised by pursuing debt repayment plans that will enable money to be paid back to the local authority through managed debt collection.

To avoid additional costs being incurred such as those arising from needing to re-house people made homeless as a result of a non-ethical debt collection policy.

To enshrine the above in contracts held with agencies operating on behalf of North Herts District Council and to work with them to implement an ethical debt collection policy.

This Council additionally notes that an ethical debt collection policy is not a 'no debt' collection policy and that everyone who owes money to the local authority is obliged to repay it.'

- 7.2 The motion was lost, however it has highlighted the need to adopt a formal policy to document the collection processes, which have been used by the Council for many years and which have proved to be effective and fair.

8. RELEVANT CONSIDERATIONS

- 8.1 The draft policy is available at Appendix 1.
- 8.2 The Council already complies with all of the sentiments expressed in the above motion with the exception of “abandoning the use of Bailiffs”.
- 8.3 The age old perception of Collection Agents bashing down doors, forcibly entering premises, seizing goods and charging excessive fees could not thankfully, be further from the truth today. The industry is highly regulated and this Council insists that all Collection Agents carrying out work for it must be certificated by the County Court. All fees are also regulated and subject to legislation.
- 8.4 In the six-year period 1 January 2014 to 30 November 2019, there were only 57 complaints nationally where the Local Government Ombudsman found Collection Agents to be at fault. It is many years since this Council has had a justified complaint about the conduct of a Collection Agent.
- 8.5 The application of this policy is dependent on an effective working relationship between the Council, the Council’s Collection Agents and Citizens Advice. This tripartite relationship has been developed over many years and now incorporates the following:
- The use of the Collection Agents as the “eyes and ears” on the ground. The Collection Agents are often the first to identify potential vulnerable cases and these are referred to either the Council or Citizens Advice for further help and assistance. No enforcement action is taken in these cases and any enforcement fees are withdrawn other than the compliance fee, which they are able to retain under the Taking Control of Goods Regulations 2013. In cases of severe vulnerability, where there is clearly no ability to pay and the case is returned to the Council, the Collection Agents will waive all fees.
 - Regular meetings between the Council, Collection Agents and Citizens Advice at which the Collection Agents update on any changes to legislation and practices and review any difficult or unusual cases
 - Provision of training by the Collection Agents for Citizens Advice staff
 - Collection Agents attendance at the Council’s Safeguarding Training and refresher training
- 8.6 One of the main threads of the policy is around dealing with vulnerable customers. There is no definition of vulnerable within the relevant legislation, which is the Taking Control of Goods Regulations 2013. At 5.2 and 5.3 of the policy we identify potential vulnerable situations and point out that the list is not exhaustive. At 5.4 the policy also makes the point that not all cases falling into one of the categories will be vulnerable and each case has to be decided on its own merits. We have used the Financial Conduct Authority’s definition of vulnerability in the policy, *“someone who, due to their personal circumstances, is especially susceptible to detriment, particularly when a firm is not acting with appropriate levels of care”*.

- 8.7 The practices and procedures that have been developed with the Council's Collection Agents over many years are based on them definitely acting with appropriate levels of care.
- 8.8 Our primary Collection Agents, Penham Excel Ltd has produced an information leaflet, which is provided with their first letter. It also has a published Vulnerability Policy and these are available as Appendices 3 and 4.
- 8.9 Penham Excel Ltd has also provided an information note for the Council detailing its approach to collection, which is at Appendix 5.
- 8.10 When all avenues have been exhausted without success by Penham Excel Ltd, the Council can re-refer a debt to its second Collection Agent, Whyte & Co for that company to have a second chance of collecting the debt using a "fresh pair of eyes". Both companies follow the same Service Level Agreement with the Council, use very similar documentation and adopt the same attitude towards collection.
- 8.11 It can be seen from the above that abandoning the use of Collection Agents would actually have a detrimental effect on the Council's ability to identify potentially vulnerable cases as in many instances it is the Collection Agents on the ground that make the first contact with the customer and are therefore best placed to identify potential vulnerability.
- 8.12 It is also important that the Council has sufficient options available to enforce collection against those who have the ability to pay and choose not to.
- 8.13 The Council's primary aim is to make a payment arrangement rather than take any enforcement action and customers are encouraged at all stages, including when visited by the Collection Agents to make such an arrangement.
- 8.14 Before any goods can be seized by the Collection Agents, consent is required from the Council and there have been no such cases for several years.
- 8.15 Before any cases are referred to a Collection Agent, checks are made to see if more appropriate methods of recovery are available, primarily these would be Attachment of Benefits, Attachment of Earnings or by adding the amount to an existing in-house arrangement..
- 8.16 If, in the course of making enquiries, a Collection Agent becomes aware that a customer is in receipt of an attachable welfare benefit, the case will be referred back to the Council and any fees will be withdrawn. Equally, where a Collection Agent believes a customer to be in hardship, they will recommend to the Council that a Discretionary Council Tax Payment is awarded.
- 8.17 It therefore follows that collection from customers in receipt of Universal Credit will be by personal arrangement with the Council or Attachment from Universal Credit.

- 8.18 Table 1 below shows the amount of Council Tax debt at November 2019 being collected by both the Council and the Collection Agents including the amounts that are subject in both cases to payment arrangements. This shows the Council's and the Collection Agent's commitment to enter into payment arrangements rather than using other forms of enforcement.

Table 1:

Current Debts at NHDC on Payment Arrangements	,000
Value of cases on arrangement inc. Court arrangements	£947
Value of cases on hold	£277
Value of cases on an Attachment of Welfare Benefit inc. UC	£168
Value of cases awaiting an Attachment of Welfare Benefits	£475
Value of cases on Attachment of Earnings inc. HMRC Pilot	£90
Value of cases awaiting an Attachment of Earnings	£244
Total value of cases on or awaiting payment arrangements in house	£2,201
Total value of cases on payment arrangements with Collection Agents	£660
Total Value on or awaiting payment arrangements	£2,861

- 8.19 If it has not been possible for the Council or its Collection Agent to secure a payment arrangement, and there is no evidence that the customer should be considered as vulnerable or does not have the ability to pay, other options will be considered to collect the outstanding amount. These are:

Bankruptcy & Charging Orders

The Council in consultation with its specialist solicitors will consider whether either of these options is viable. If there is no equity in the asset neither option is viable as there will be no assets to cover the debt. In practice, these remedies are rarely carried through to a conclusion.

Winding Up Orders

These apply to Business Rates collection only and follow the same considerations as Bankruptcy and Charging Orders. It has never been necessary to date to follow this through to a conclusion.

Means Enquiry

This is considered when all other options have been exhausted and there is no evidence available that the customer does not have the means to pay. The Magistrates will carry out an enquiry into the customer's ability to pay. In the vast majority of cases, the Magistrates will make a payment order attached to a suspended prison sentence. The Magistrates also have the option to remit the debt if they are satisfied that the customer has no means to pay or can in extreme circumstances order commitment to prison for up to 90 days.

This remedy is used carefully and there has only been one instance where a customer has been committed to prison and this was an extreme case where the customer absconded and had to be arrested in the north of England.

- 8.20 At all the above stages the Council will accept a payment arrangement and suspend the action. Instigating these remedies will often result in the customer making their first contact with the Council or Citizens Advice and in many cases results in the Council establishing vulnerable cases.
- 8.21 By far the vast majority of customers in North Hertfordshire pay on time and collection rates for both Council Tax and Business Rates have maintained a high level despite the years of austerity and other changes such as the implementation of the Council Tax Reduction Scheme. Table 2 shows the comparative collection rates for the previous seven financial years, i.e. the year prior to the introduction of CTRS and the six full subsequent years.

Table 2:

	Council Tax			Business Rates	
Year	In-Year	As at 31/12/19		In-Year	As at 31/12/19
2018/2019	98.38%	99.35%		98.31%	99.06%
2017/2018	98.22%	99.46%		98.38%	99.73%
2016/2017	98.40%	99.67%		98.55%	99.78%
2015/2016	98.13%	99.80%		97.99%	99.72%
2014/2015	97.84%	99.89%		96.94%	99.79%
2013/2014	97.81%	99.93%		97.39%	99.93%
2012/2013	98.18%	100.00%		97.06%	99.93%

- 8.22 The Council has entered into a pilot scheme with HMRC to identify potential Council Tax cases for Attachment of Earnings. This will increase the Council's ability to attach earnings rather than send cases for enforcement action.
- 8.23 For Council Tax, Business Rates and BID Levy, the approach taken by the Council does ultimately result in high collection rates with over 99.5% net of write-offs eventually collected for each year, although not necessarily collected within the year.

- 8.24 This Council does use write-offs sparingly and is most often used in cases where customers have absconded, been made bankrupt or where the debt is too old to collect. Write-offs will be more prevalent for older debts, where all other efforts to collect have been unsuccessful.
- 8.25 In 2018/2019 a total of £504K Council Tax was written-off across all years and only £49K (0.57% of the total collectable debit for the year) of that related to 2018/2019. Of that £504K, £181K related to cases that had absconded, £99K to bankruptcies and £140K where the debt was now too old to collect.

Responses to Consultation

- 8.26 Both the local and national Citizens Advice were complimentary about the Council's draft policy and its approach to fair collection. A firm recommendation was that we are clearer on the amounts that can be deducted through Attachment of Earnings. This is laid down in statute and consists of three tables that can be amended from year to year. This has been referenced in the policy at 3.1 with a link to the web site, where the tables can be found. The local Citizens Advice confirmed the close working relationship that exists between them, the Council and the Council's Collection Agents.
- 8.27 The Money Advice Trust was also complimentary about the draft policy and referred the Council to its policy document called "Stop the Knock", which lays down six steps aimed at Councils adopting good practice in debt recovery. The six steps can be found at Appendix 2.
- 8.28 The Council already complies with steps 1,3,4 and 5.
- 8.29 In terms of step 2, this is being addressed with reviews being carried out on the information provided on the Council's web site and on any leaflets provided by the Council and its Collection Agents. It is expected that by the time Cabinet considers this report, the Council will be compliant with step 2.
- 8.30 Step 6 relates to the adoption of the Council Tax Protocol, which is a document developed jointly by Citizens Advice and the Local Government Association. The Council largely complies with this document and will need to review some elements of it, particularly around documentation to ensure compliance. This involves some amendments to the Council Tax bills and this will be done as part of the annual billing process.
- 8.31 The Money Advice Trust also recommended that staff should receive training on vulnerability to ensure a consistent approach to this. This is covered in Section 8 of the Policy.

8.32 The Money Advice Trust was particularly complimentary on the following:

- That in 2018/2019 there was a 29% reduction in referrals by the Council to Collection Agents compared with the previous two years
- The use of SMS and/or email to engage customers before the issue of Reminder Notices and Summonses
- The list of potentially vulnerable customers in the policy with the suggestion that those who do not have English as a first language should also be included. This has now been added.

8.32 Both Citizens Advice and the Money Advice Trust accept that there is a role for Collection Agents where used appropriately and that this is the case at North Herts. This is the case where they are the eyes and ears on the ground to recognise potential cases of vulnerability and to deal with those who can pay but choose not to.

9. LEGAL IMPLICATIONS

9.1 Section 5.6.1 of the Council's Constitution states:

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

9.2 The purpose of this report is to give Cabinet the opportunity to adopt a Fair Collection Policy.

9.3 There is a considerable amount of legislation governing the administration and collection of amounts owed to the Council. The principal legislation is:

- Local Government Finance Acts 1989 and 1992
- Council Tax (Administration & Enforcement) Regulations 1992, as amended
- Non Domestic Rate (Collection & Enforcement) Regulations 1989, as amended
- The Taking Control of Goods Regulations 2013 & Taking Control of Goods (Fees) Regulations 2014
- Various County and Magistrates Court Rules

10. FINANCIAL IMPLICATIONS

10.1 The Council has a statutory requirement to collect local taxes such as Council Tax and Business Rates and also has a responsibility towards its fiduciary requirement to collect amounts of money owed to it.

10.2 Whilst it is correct to provide as much assistance as possible to those who are vulnerable and/or struggling to meet their financial commitments, the Council also has a duty to safeguard the interests of the vast majority of customers who do pay on time and in full. This is because any shortfall in money collected for whatever service could result in a deficit in the Collection Fund and the Council having to reduce the services that it provides.

- 10.3 The intention of this policy is to achieve the maximum collection from those finding it difficult to pay, even if that takes a little longer, rather than offering no assistance and no money being collected. For that reason, Officers would recommend that the correct balance is being struck.
- 10.4 Having said that, there has to be a realistic approach taken towards debts due to the Council where there is little prospect of collection, either because of hardship or because of the age of the debt.
- 10.5 Section 7 of the Policy deals with the viability of collection and will cover circumstances in which it is considered difficult to collect debts. This has been an area where the Council can be more proactive and be more prepared to write-off difficult to collect debts.
- 10.6 One such circumstance is where Liability Orders from multiple years are left Pending Attachment of Benefits, as only one Liability Order at a time can be attached. In some circumstances, this results in Liability Orders from multiple years being left to “queue up” with little prospect of the amounts due ever being collected. This is highlighted by the figures in Table 1 at 8.18 above, where it shows that £168K is being collected from Attachment of Benefits, with a further £475K waiting to be attached. It is therefore proposed to only have Liability Orders for the current year and the three previous years left Pending Attachment of Benefits.
- 10.7 The Council does not make any payments to its Collection Agents.

11. RISK IMPLICATIONS

- 11.1 The processes which the Council has used for many years and which are consolidated in this policy have ensured that the Council goes about collecting money owed to it in a fair and responsible way, which ensures that ultimately collection rates are high.
- 11.2 The establishment of a Fair Collection Policy will ensure transparency and consistency in recovery processes, reducing reputational risk.
- 11.3 Losing the option to use Collection Agents would establish a high risk that those collection rates would be compromised, especially in relation to those who can pay and choose not to and would lose a major ability to establish households in genuine need being identified.
- 11.4 Existing legislation allows for the Council to apply to the Magistrates Court for a Means Enquiry where there is ability to pay but the customer wilfully refuses or shows culpable neglect.
- 11.5 This is a last resort and likely to be less frequent if the HMRC Pilot is found to be a success. This option is not available under the existing legislation if the case has not already been referred to a Collection Agent.

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 policy intention is to make it as easy as possible for customers to pay any money owed to the Council by providing good advice and assistance where appropriate. This approach will maximise collection even if it will in some cases take a little longer. This will ensure that the interests of those who do pay on time and in full will be better safeguarded than adopting an approach where no assistance is provided and attempts at collection fail.
- 12.3 An Equalities Impact Assessment is available at Appendix 7.

13. SOCIAL VALUE IMPLICATIONS

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

14. HUMAN RESOURCE IMPLICATIONS

- 14.1. There are no Human Resources implications to this report.

15. APPENDICES

- 15.1 Appendix 1 – Fair Collection Policy
- 15.2 Appendix 2 – Stop the Knock
- 15.3 Appendix 3 – Penham Excel Ltd Information Leaflet
- 15.4 Appendix 4 – Penham Excel Ltd Vulnerability Policy
- 15.5 Appendix 5 – Penham Excel Ltd Vulnerability Policy Notes
- 15.6 Appendix 6 – Council Tax Protocol
- 15.7 Appendix 7 - Equalities Impact Assessment
- 15.8 Appendix 8 – Standard Financial Statement

16. CONTACT OFFICERS

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17. BACKGROUND PAPERS

17.1. None



NORTH HERTFORDSHIRE DISTRICT COUNCIL

CUSTOMERS DIRECTORATE

FAIR COLLECTION POLICY

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Fair Collection Policy

KEY MESSAGES

- We will work with our customers to arrange an in-house payment arrangement where possible. This will be the Council's preferred option in all cases
- When we identify vulnerable customers we will change our collection approach appropriately
- We will ensure that staff are appropriately trained to recognise vulnerability

1. Introduction

- 1.1 This policy covers the Council's responsibility to collect amounts owed to it. These are primarily Council Tax, Business Rates, Business Improvement Districts (BIDS), Housing Benefit Overpayments, Car Parking Penalty Charge Notices and all Sundry Debts.
- 1.2 These are significant amounts of money. In 2019/2020 the Council is expected to collect around £89M in Council Tax, £38M in Business Rates and over £0.5M in BID Levy. Added to this, the Council raises around £8M per annum in Sales Ledger invoices and can expect to issue over £0.5M per annum in respect of Penalty Charge Notices. Housing Benefit Overpayments can account for up to an additional £0.7M or more to be collected each year.
- 1.3 The vast majority of this money is collected on time in accordance with the payment arrangements and there is no further action that is required by the Council.
- 1.4 Unfortunately, there are some requests for payment that are not made on time for various reasons from financial hardship to on rare occasions, willful refusal to pay. The Council has a responsibility to take whatever action is required under the various pieces of legislation to recover any outstanding amounts.
- 1.5 In doing so, the Council has to balance the need to be as helpful as possible to those who are vulnerable or experiencing financial hardship with the need to safeguard the interests of those who do pay on time. This is because any shortfall in money collected for whatever service will either result in those that do pay having to pay more or the Council having to reduce the services that it provides.
- 1.6 The intention of this policy is to secure the maximum amount of income, even if that takes a little longer to collect, by providing good advice and assistance where appropriate, rather than offering no assistance and collecting smaller amounts.
- 1.7 In doing so, the Council complies with the "Stop the Knock" six steps for Local Authorities promoted by the Money Advice Trust and has signed the Council Tax Protocol, along with its Collection Agents and Citizens Advice, which is a document promoting good practice in the collection of Council Tax produced jointly by the Local Government Association and Citizens Advice.

2. Preliminaries

- 2.1 Before the Council can take any enforcement action for non-payment, certain preliminary actions have to take place, depending on the legislation in question.

Council Tax, Business Rates & BIDS

- 2.2 Legislation requires the Council to issue a Bill with instalments. If any instalment is not paid, a Reminder Notice will be issued. If this is not paid, a Summons will follow notifying the customer of the date that the Council will apply to the Magistrates Court for a Liability Order. The process does get a little more complex where Reminder Notices are cleared and the customer misses one or more subsequent instalments, but the outcome is the same, with the application for the Liability Order.
- 2.3 To promote early contact with the Council in cases where customers are experiencing financial hardship, the Council will attempt to contact customers by text and/or email, where it holds this information in advance of the issue of any Reminder Notice or Summons to forewarn the customer that this is about to happen and advise that they should make contact to discuss the position.

Housing Benefit Overpayment

- 2.4 This occurs where a customer is overpaid Housing Benefit and they could reasonably have known this to be the case. Where these may be fraudulent, the cases are referred to the Department for Works and Pensions, but it remains the Council's responsibility to collect the Overpayment. Where the customer remains in receipt of Housing Benefit, the Overpayment will be collected from on-going entitlement. Where Housing Benefit does not remain in payment, an Invoice, followed by a Reminder Notice and a Final Notice will be issued.

Car Parking Penalty Charge Notices

- 2.5 If the Penalty Charge Notice is not paid within 28 days, the Council will obtain the name of the registered keeper from the DVLA and issue a Notice to Owner. If the Penalty Charge Notice remains unpaid, the Council will make an application to the Traffic Enforcement Centre for a Warrant.

Sundry Debts

- 2.6 In the vast majority of cases, payment for Council services is required in advance before the service is delivered, meaning that very few Invoices are now raised. Where they are and they remain unpaid, the Council has the option of stopping the service, where this is ongoing, e.g. trade refuse collection, licences etc. In other cases, the invoice is followed by a Final Notice
- 2.7 At all stages of the process, customers are encouraged to contact the Council for assistance if they are having any difficulties in paying. The Council will always look to make an in-house payment arrangement wherever possible.

3. **Enforcement Options**

Council Tax, Business Rates & BIDS

- 3.1 Once the Council has obtained a Liability Order, there are various options open to the Council for recovery of outstanding debts:

Option	Comments
Attachment of Benefits (AOB)	For Council Tax only. Used automatically where the customer is in receipt of an attachable welfare benefit, e.g. Universal Credit
Attachment of Earnings (AOE)	For Council Tax only. Used automatically where the customer's employment details are known. Cases expected to increase significantly due to the implementation of a data sharing agreement with HMRC. The rates at which deductions are made are set out in statute and can be found on the Council's web site at: https://www.north-herts.gov.uk/home/council-tax/council-tax-attachment-earnings
Referral to an Collection Agent	All types. Used for Council Tax where AOB and AOE not possible and all Business Rates and BID cases. Collection Agent able to Take Control of Goods but goods can only be removed with the consent of the Council
Bankruptcy	Council Tax and Sole Traders only. Can be used where the debt is greater than £5,000.
Charging Orders	Council Tax only. Places a charge on property. The Council could force the sale or wait until the property is sold. Debt has to be greater than £1,000
Winding Up Orders	Business Rates only.
Means Enquiry	Council Tax and Sole Traders only. The Council can apply to the Magistrates Court to have the customer committed to prison for a maximum of 90 days

Housing Benefit Overpayment

- 3.2 There are fewer options available for the enforcement of Housing Benefit Overpayments

Option	Comments
Attachment of Ongoing Housing Benefit	Used automatically where the customer remains in receipt of Housing Benefit
Referral to an Collection Agent	Collection Agents act on behalf of the Council. Cannot Take Control of Goods at this stage
Application for a County Court Judgement	If successful, the case is referred to the Council Court Enforcement Officers for collection

Car Parking Penalty Charge Notices

- 3.3 The process for the recovery of unpaid Penalty Charge Notices is very prescriptive. Once a Warrant has been obtained from the Traffic Enforcement Centre, if the charge remains unpaid, it is referred directly to the Collection Agent for recovery.

Sundry Debts

- 3.4 There are few options available for the recovery of unpaid Sundry Debts, which was the main reason why the Council, some years ago changed its policy to require payment up front for discretionary services, wherever possible.

Option	Comments
Referral to an Collection Agent	Collection Agents act on behalf of the Council. Cannot Take Control of Goods at this stage
Application for a County Court Judgement	If successful, the case is referred to the Council Court Enforcement Officers for collection

- 3.5 At every stage in all the above recovery processes, customers are encouraged to contact the Council to make an in-house payment arrangement.

4 Application of Enforcement Options

- 4.1 By far the largest type of debt that requires enforcement both in terms of numbers and value is Council Tax.
- 4.2 The Council's intention at every stage of the process is to encourage the customer to make contact if they are having any difficulty in paying. Prior to the issue of a Council Tax Reminder Notice and/or Summons, the Council will endeavor to warn all those likely to receive a Notice of this via text or email to encourage either payment or contact using an external communications provider.
- 4.3 The Council will encourage customers to make contact if they are having financial difficulties at all stages of the process and will work with customers to apply payment arrangements that suit their needs, i.e. weekly or monthly payments for variable lengths of time
- 4.4 Once a Liability Order has been obtained a Warning Notice is sent explaining that a Liability Order has been granted and the further consequences of not paying the outstanding amount.
- 4.5 If payment is not made within 14 days, each case is reviewed to see whether AOB, AOE or an extension to an existing in-house arrangement is appropriate, and if so these are applied.
- 4.6 All other cases are referred to a Collection Agent for collection.
- 4.7 All Collection Agents operating on behalf of the Council must hold a valid certificate issued by the County or High Court.

- 4.8 If the Collection Agent is unable to collect the outstanding amount, other options such as Bankruptcy, Charging Order or in cases of willful refusal or culpable neglect, a Means Enquiry is considered.
- 4.9 If customers are finding it difficult to pay their debt, the Collection Agents will also signpost to then to seek advice from Citizens Advice, National Debtline or Stepchange. Accounts are then held for a period of time and no further action is taken to allow this to happen.
- 410 Recovery of Business Rates, BID Levy, Housing Benefit Overpayments, Penalty Charge Notices and Sundry Debts follow the processes in the tables above.

5 Practical Application & Vulnerability

- 5.1 The Council is conscious that some customers experience severe financial hardship and could be vulnerable to attempts to collect money that they do not have.
- 5.2 In formulating a policy for the fair collection of debts, it is important not to be too prescriptive as each case has to be considered on its own merits. However, in line with the definition used by the Financial Conduct Authority the Council would consider a vulnerable customer to be:

“Someone who, due to their personal circumstances, is especially susceptible to detriment, particularly when a firm is not acting with appropriate levels of care”

- 5.3 Possible examples of this could be but are not limited to:

- Single parents with young children
- Pregnancy
- Recently bereaved
- Disability
- Registered with a mental illness
- Dependency on drugs, alcohol or other addictive substances
- Customers experiencing severe financial hardship
- Terminal illness
- Appearing frail, confused or ill
- Those that do not have English as their first language

- 5.4 It does not follow that everyone falling into one of the above categories is vulnerable because for example, it cannot be assumed that all single parents with young children are in financial difficulty and unable to pay their Council Tax or other debts to the Council.
- 5.5 Each case is therefore considered on its own merits and the Council may require evidence to support the customer's situation.
- 5.6 When assessing a customer's ability to pay, the Council will use the Standard Financial Statement, which is a financial assessment tool developed by the Money Advice Trust

- 5.7 The Council works very closely with both its Collection Agents and Citizens Advice. Where there is a possibility that a customer may be considered as vulnerable, the Collection Agents will refer the case to the Council and waive all enforcement fees, other than the compliance fee, which they are able to retain under the Taking Control of Goods Regulations 2013. In cases of severe vulnerability, where there is clearly no ability to pay and the case is returned to the Council, the Collection Agents will waive all fees.
- 5.8 Collection Agents will also refer customers in multiple debt to Citizens Advice or other debt advice agencies for specialist debt advice and both the Collection Agents and the Council will agree to accept any payment arrangement considered reasonable by the agencies.
- 5.9 The Collection Agents play a critical role in identifying vulnerable cases “on the ground” and referring these for specialist help. This role supercedes any requirement to collect any debt, where a customer may be considered as vulnerable.
- 5.10 The use of Collection Agents provides an important lever in collecting outstanding amounts from those who have the ability to pay and choose not to.
- 5.11 The Council, its Collection Agents and Citizens Advice also work closely in terms of delivering training, with the Collection Agents providing legislative updates and other training to both the Council and Citizens Advice.
- 5.12 The Collection Agents have also attended and completed the Council’s Safeguarding and Modern Day Slavery Training and will continue to receive refresher training in line with the Council’s training policy.
- 5.13 If it has not been possible for the Council or its Collection Agent to secure a payment arrangement, and there is no evidence that the customer should be considered as vulnerable or does not have the ability to pay, other options will be considered to collect the outstanding amount. These are:

Bankruptcy & Charging Orders

These options will be considered where the customer owns a home or other substantial asset. The intention is to secure the Council’s debt against the asset or by making the customer bankrupt. Specialist Solicitors are used to report on the customer’s assets and make a recommendation on whether either of these are viable options. If there is no equity in the asset neither option is viable as there will be no assets to cover the debt.

Even at this stage, the Council will accept a payment arrangement to avoid following this course of action and in practice, these remedies are rarely carried through to a conclusion.

Winding Up Orders

These apply only to Business Rates collection and the same considerations are made as with Bankruptcy and Charging Orders.

Means Enquiry

This applies to Council Tax and sole traders.

If the Council has exhausted all other recovery options and the customer has not demonstrated that they do not have the means to pay, the Council will consider applying to the Magistrates Court for a Means Enquiry.

In advance of the Hearing, the Council will require the customer to complete a Standard Financial Statement for consideration by the Magistrates.

The Magistrates will conduct an enquiry into the means of the customer to establish whether they have the ability to pay. Options available to the Magistrates are:

- Instruct the Council to remit the debt if they feel that the customer does not have the means to pay
- Set a payment order requiring the customer to adhere to a payment arrangement. This is usually accompanied by a suspended prison sentence subject to maintaining the arrangement
- In extreme cases, the Magistrates can order immediate imprisonment for up to 90 days

- 5.13 At all stages throughout the recover process, the Council will accept a reasonable payment arrangement and suspend any further recovery action dependent on that arrangement being maintained.

6 Discretionary Council Tax Payments

- 6.1 The Council has the discretion to assist customers in exceptional hardship with their Council Tax Payments. These will generally be one-off payments to assist in specific circumstances and are not intended to address on-going liability. Such circumstances could include, but are not restricted to:

- Where Collection Agents, Citizens Advice or Council Officers identify a customer in extreme hardship and a one-off payment will assist with long standing arrears
- Where customers are required to move at short notice for reasons beyond their control and have a liability on two properties
- Where a Discretionary Housing Payment has been awarded

- 6.2 In determining an award of a Discretionary Council Tax Payment, the Council will consider the following:

- The amount of outstanding Council Tax liability and the length of time that the debt has accrued.
- Reasonable steps have been taken by the Council Tax Payer to reduce their outgoings in order to meet their liability.
- The general circumstances surrounding the application.

- The financial and social health/medical circumstances of the applicant, their partner and any dependants and any other relevant occupants of the applicants home.
- The income and essential expenditure of the applicant, their partner and dependants or other relevant occupants of their home to determine whether the applicant could reasonably afford to pay the Council Tax.
- The savings or capital which is held by the applicant or their family, or could be made available to them.
- The availability and any steps taken by the applicant to obtain extra income or to reduce expenditure of the applicant or their family.
- The level of indebtedness of the applicant and their family.
- The exceptional nature of any circumstances surrounding the applicant and their family

7 Collection Viability

- 7.1 In some cases, it is unlikely that debts will be recovered within a reasonable time frame. This is particularly the case where a Liability Order is being collected by Attachment of Benefits and there are other multiple Liability Orders waiting to be attached.
- 7.2 Consequently, in cases where Attachment of Benefits are being collected, the Council will not retain Liability Orders for attachment that are older than the current year plus three.

8 Training

- 8.1 The Council is committed to ensuring that its staff and Collection Agents are adequately trained.
- 8.2 Staff involved in the collection process will receive training on recognising vulnerability in terms of ability to pay as soon as possible after appointment and refresher training will be provided every two years. This will be done in consultation with the Council's Collection Agents.
- 8.3 In addition, all staff are subject to annual mandatory training on safeguarding and modern day slavery, which the Collection Agents also attend.

Six steps for local authorities

As part of our Stop The Knock campaign to improve local government debt collection we are recommending six steps for councils to implement, where they are yet to do so. Find out more at www.stoptheknock.org

1 Make a clear public commitment to reduce the use of bailiffs over time

2.3 million debts were passed to bailiffs in 2016/17, with council bailiff use up 14% since 2014/15. More than six in 10 local authorities (62%) increased their use of bailiffs in that time.

We recommend that council Leaders make a clear public commitment to reduce the use of bailiffs over time, to provide clarity to officers at an operational level. This commitment could take the form of a public statement, a formal decision or statement of administration policy, or a motion of Full Council. We recommend that council leaders consider making this commitment in time for the beginning of the 2018/19 financial year.

Find out more Visit the Money Advice Trust's www.stoptheknock.org website for details of your council's bailiff use, and email policy@moneyadvice Trust.org to find out more about the campaign

2 Review signposting to free debt advice, including phone/online channels

Our research shows 97% of councils signpost residents in financial difficulty to free debt advice

We recommend that all councils regularly review their signposting to ensure that all opportunities to signpost to debt advice – at all stages of the process – are maximised. For the small number of councils who do not currently signpost to free debt advice, this should be introduced as a matter of urgency. For those councils that currently signpost only to face-to-face advice, we recommend considering offering the additional option of referring to telephone and online advice services such as National Debtline, so that residents have the choice of accessing advice via the channel most appropriate to their circumstances.

Find out more For more details see the Money Advice Service's [Working with Debt Advice Agencies toolkit](#) and resources for [referring residents to National Debtline](#)

3 Adopt the Standard Financial Statement (SFS) to objectively assess affordability

19% of councils told us they have adopted the SFS, or its predecessor the Common Financial Statement

We recommend that councils adopt the Standard Financial Statement (SFS), which provides a consistent, fair and industry-recognised method of working out affordable repayments for residents in financial difficulty. Local authorities should accept SFS-compliant financial statements as a true reflection of income and expenditure, from both residents themselves and advisers on their behalf. Councils should also align all internal forms of 'income and expenditure' or 'means enquiries' to the SFS to ensure that a prescribed and consistent framework is used for assessing affordability.

Find out more For further information on the SFS and how it could help your council to collect unpaid debt [visit the SFS website](#) or contact the [Money Advice Service](#)

4

Put in place a formal policy covering residents in vulnerable circumstances

Nearly half of councils (44%) have not yet put in place a formal vulnerability policy

We recommend that all local authorities should introduce a formal vulnerability policy, and make this policy public. This policy should include identifying vulnerable households and amending the collections process appropriately – including not passing anyone on for enforcement who has been assessed as in vulnerable circumstances. There should be a clear mechanism to refer cases back to the local authority where enforcement action is not appropriate. We also recommend that councils should consider training for revenues and other relevant officers on working with residents in vulnerable circumstances.

Find out more For further information see the [Money Advice Trust's work](#) helping organisations to identify and support people in vulnerable circumstances in their collections processes

5

Exempt Council Tax Support (CTS) recipients from bailiff action (England only)

23 councils in England are leading the way by exempting Council Tax Support recipients from bailiff action

For authorities in England, we recommend exempting recipients of Council Tax Support, who have already been identified as requiring additional support through locally-determined criteria, from bailiff action altogether. The London Borough of Lambeth introduced an exemption from bailiff action for Council Tax Support recipients in 2015/16. A [2016 report](#) from the Child Poverty Action Group and Z2K found that Lambeth's collection rate for Council Tax Support claimants actually increased from approximately 80% in 2014/15 to 93% in 2015/16, taking Lambeth from one of the lowest collection rates to one of the highest.

Find out more For more information about approaches to Council Tax Support recipients, including good practice developed in Lambeth in CPAG and Z2K's [report](#).

6

Sign the Council Tax Protocol and examine the Money Advice Service toolkit for working with debt advice agencies

50 councils have signed the Council Tax Protocol so far, which provides practical steps to prevent people getting into arrears in the first place.

Finally, we recommend that all local authorities should sign up to the revised Citizens Advice/Local Government Association (LGA) [Council Tax Protocol](#), agreed in June 2017. Many of the principles in the Protocol can be operationalised using the Money Advice Service's creditor toolkit, [Working collaboratively with debt advice agencies](#), which provides guidance for revenues and other officers and also covers all debt types.

Find out more Review the revised Citizens Advice/LGA [Council Tax Protocol](#) so far. For more information about working with advice agencies see the Money Advice Service's [toolkit](#).

All research findings taken from Stop The Knock 2017: Mapping local authority debt collection practices in England and Wales. For more information see www.stoptheknock.org

November 2017

The Money Advice Trust is a registered charity. Number 1099506.

A company limited by guarantee. Registered in England and Wales. Number 4741583.

Organisations that can help you

There are a number of debt charities that can provide advice and support to you and these include:

**citizens
advice**

North Hertfordshire

National Advice Line:

03444 111 444

Open 9.00am - 4.00pm, Monday to Friday

Letchworth 49 Station Road, Letchworth
Garden City, SG6 3BQ

Open 9.30am - 12 noon, Monday to Friday

Web: www.citizensadvice.org.uk

StepChange
Debt Charity

Telephone: 0800 1381111

Web: www.stepchange.org

**NATIONAL
DEBTLINE**

Telephone: 0808 808 4000

Web: www.nationaldebtline.org

**the Money
Advice Service**

Telephone: 0300 500 5000

Web: www.moneyadvice.service.org.uk



Charges for Enforcement Action

With effect from the 6th April 2014, in accordance with Section 4, paragraph 1 of the Taking Control of Goods Regulations, pursuant to S12 of the Tribunals, Courts and Enforcement Act 2007, the fees charged by Enforcement Agents, acting on behalf of your Local Authority in collecting outstanding Council Tax, Non Domestic Rates and Road Traffic Debt are as follows:

- Stage 1 - Compliance Fees - £75.00 for each outstanding Liability Order – This will be added to your arrears as soon as Penham Excel is instructed to collect the debt.
- Stage 2 - Enforcement Fees - £235 + 7.5% of the sum of the outstanding debt over £1500 – incurred the first time the Enforcement Agent attends your property.
- Stage 3 - Sale Fees £110 + 7.5% of the sum of the outstanding debt over £1500 – when the Enforcement Agent attends your property to remove your possessions.

Call us now, our team are waiting to assist you.

033 000 20705



penhamexcel
high court enforcement officers & enforcement agents

Penham Excel, Ashley House
Siemens Road, Stafford ST17 4DT

Tel: 033 000 20705 Email: info@penhamexcel.co.uk
www.penhamexcel.co.uk



DEBT ADVICE

Don't bury your head in the sand.
Debts will not go away.



We can help.

penhamexcel
high court enforcement officers & enforcement agents

Penham Excel Ltd is a professional Enforcement Agency working on behalf of Local Authorities in the collection of Council Tax, Business Rates, Parking Fines and General debts throughout England and Wales.



We pride ourselves on providing an ethical, respectful and sensitive debt recovery service to our clients so please talk to us and we will hopefully be able to help you repay your debt with minimum costs.

If you have multiple debts (*with Penham Excel*), these cases will be related and any payments received will be allocated across all debts.

If you have language difficulties when an Enforcement Agent attends your property you can point to your language and an interpreter will be called.

Telephone Interpreting Service Language Identification Card

Show the person the languages listed. The message underneath each language says:

EUROPE			PACIFIC ISLANDS			INDIA, PAKISTAN, SOUTHWEST ASIA		
Afrikaans Sprek nie jou eie taal of taal van jou land nie. Vertel ons in Afrikaans.	Swaps 21	Indonesio Jangan bilang bahasa sendiri atau bahasa orang lain. Bicara dalam bahasa Indonesia.	Islewa 22	Akha Don't speak your own language or the language of any other country. Speak in English.	Alakman 23	Bengali কোনো নিজের বা অন্য কোনো দেশের ভাষা বলবেন না। বাংলায় কথা বলুন।	Urdu 24	
American Sign Sign to me. I will sign to you. Use hand signals to tell me what you want to say.	English 25	Italian Non parlare la tua lingua. Non parlare la lingua di nessun altro. Parla in italiano.	Italiano 26	Fijian Don't speak your own language. Don't speak the language of any other country. Speak in English.	Kiriri 27	Bhujel कोनो निजो वा अरको कोनो देशो भाषा बोल्नु नहियो। भुजेल भाषा बोल्नु।		
Bosnian Ne govori svoj jezik niti jezik nekog drugog zemlje. Govori bosanski jezik.	Bosnian 28	Lithuanian Ne kalbėkite savo kalba. Ne kalbėkite kitos šalies kalbą. Kalbėkite lietuviškai.	Kalbu 29	Hebrew Don't speak in your own language. Don't speak in the language of any other country. Speak in English.	Bikano 30	Gujarati कोनो निजो वा अरको कोनो देशो भाषा बोल्नु नहियो। गुजराती भाषा बोल्नु।		
Bulgarian Не говорете своя език, нито езика на друга държава. Говорете български език.	Bulgarian 31	Maccedonian Не говорете свој јазик, ниту јазикот на друга држава. Говорете македонски јазик.	Makedonska 32	Indonesian Don't speak your own language. Don't speak the language of any other country. Speak in English.	Bahasa Indonesia 33	Hindi कोनो निजो वा अरको कोनो देशो भाषा बोल्नु नहियो। हिन्दी भाषा बोल्नु।	Hindi 34	
Catalan No parles la teua llengua, ni la de cap altre país. Parla català.	Català 35	Norwegian Ikke tal ditt eget språk, eller noen andres språk. Tal norsk.	Norsk 36	Malay Don't speak your own language. Don't speak the language of any other country. Speak in English.	Malay 37	Malayalam कोनो निजो वा अरको कोनो देशो भाषा बोल्नु नहियो। मलयालम भाषा बोल्नु।	Malayalam 38	
Croatian Ne govori svoj jezik, niti jezik nekog drugog zemlje. Govori hrvatski jezik.	Croatian 39	Polish Nie mów w swoim języku, ani w języku innej państwa. Mów po polsku.	Polski 40	Samoan Don't speak your own language. Don't speak the language of any other country. Speak in English.	Gagana Samoa 41	Nepali कोनो निजो वा अरको कोनो देशो भाषा बोल्नु नहियो। नेपाली भाषा बोल्नु।	Nepali 42	
Czech Ne mluvejte svým jazykem, ani jazykem jiné země. Mluvte česky.	Czech 43	Portuguese Não fale o seu idioma, nem o de qualquer outro país. Fale português.	Português 44	Tamil Don't speak your own language. Don't speak the language of any other country. Speak in English.	Tamil 45	Punjabi कोनो निजो वा अरको कोनो देशो भाषा बोल्नु नहियो। ਪੰਜਾਬੀ ਭਾਸ਼ਾ ਬੋਲੋ।	Punjabi 46	
Danish Ikke tal dit eget sprog, eller et andet sprogs sprog. Tal dansk.	Dansk 47	Russian Не говорите на своем языке, или на языке какой-либо другой страны. Говорите по-русски.	Russkij 48	Tagalog Don't speak your own language. Don't speak the language of any other country. Speak in English.	Tagalog 49	Tamil कोनो निजो वा अरको कोनो देशो भाषा बोल्नु नहियो। தமிழ் பேசு.	Tamil 50	
Deutsch Sprechen Sie nicht Ihre Muttersprache, noch eine andere Sprache. Sprechen Sie Deutsch.	Deutsch 51	Basnian Ne govori svoj jezik, niti jezik nekog drugog zemlje. Govori bosanski jezik.	Bosanski 52	Tagalog Don't speak your own language. Don't speak the language of any other country. Speak in English.	Tagalog 53	Tamil कोनो निजो वा अरको कोनो देशो भाषा बोल्नु नहियो। தமிழ் பேசு.	Tamil 54	
English Sign to me. I will sign to you. Use hand signals to tell me what you want to say.	English 55	Belarusian Не гаварыце сваёй мовай, ні мовай іншай краіны. Гаварыце па-беларуску.	Belaruskaja 56	Tagalog Don't speak your own language. Don't speak the language of any other country. Speak in English.	Tagalog 57	Tamil कोनो निजो वा अरको कोनो देशो भाषा बोल्नु नहियो। தமிழ் பேசு.	Tamil 58	
French Ne parlez pas votre langue, ni la langue d'un autre pays. Parlez français.	Français 59	Spanish No hables tu idioma, ni el de ningún otro país. Habla español.	Español 60	Tagalog Don't speak your own language. Don't speak the language of any other country. Speak in English.	Tagalog 61	Tamil कोनो निजो वा अरको कोनो देशो भाषा बोल्नु नहियो। தமிழ் பேசு.	Tamil 62	
German Sprechen Sie nicht Ihre Muttersprache, noch eine andere Sprache. Sprechen Sie Deutsch.	Deutsch 63	Swedish Ikke tal ditt eget språk, eller ett annat språk. Tal svenska.	Svenska 64	Tagalog Don't speak your own language. Don't speak the language of any other country. Speak in English.	Tagalog 65	Tamil कोनो निजो वा अरको कोनो देशो भाषा बोल्नु नहियो। தமிழ் பேசு.	Tamil 66	
Greek Μην μιλάτε την δική σας γλώσσα, ούτε την γλώσσα άλλης χώρας. Μιλάτε ελληνικά.	Elliniká 67	Ukrainian Не говори своєю мовою, ні мовою якоїсь іншої країни. Говори українською мовою.	Ukrainska 68	Tagalog Don't speak your own language. Don't speak the language of any other country. Speak in English.	Tagalog 69	Tamil कोनो निजो वा अरको कोनो देशो भाषा बोल्नु नहियो। தமிழ் பேசு.	Tamil 70	
Hebrew אל תדבר בשפתך, או בשפת ארץ אחרת. דבר עברית.	Hebrew 71	Ukrainian Не говори своєю мовою, ні мовою якоїсь іншої країни. Говори українською мовою.	Ukrainska 72	Tagalog Don't speak your own language. Don't speak the language of any other country. Speak in English.	Tagalog 73	Tamil कोनो निजो वा अरको कोनो देशो भाषा बोल्नु नहियो। தமிழ் பேசு.	Tamil 74	

LanguageLine Solutions

Penham Excel Ltd, Ashley House, Siemens Road, Stafford, ST17 4DT.
Tel: 033 000 2005. Email: info@penhamexcel.co.uk
Website: www.penhamexcel.co.uk

penhamexcel
Telephone Interpreting Service

If you are finding it difficult to manage debts please do get in touch with the advice sector, they will guide and advise you on how to manage your debts with a view to clearing them and not getting into debt in the future.

Do not ignore the communication from any collection letter / notification. Make contact and talk to the debt collection company they will help and explain the process. If you cant pay in full they will where possible set an arrangement however this will be in line with client requirements. If you cant make the required arrangement then you will be advised to seek help from the Citizens Advice or any other recognised advice organisation.

They will talk through your debts, your current employment / income position and advise from there. You may be required to provide evidence of your circumstances by way of bills and bank statements to help clarify and advise the best route to deal with your debts.

Not only do we / the advice sector wish to clear your debt issues but we also wish to help and advise where possible on not getting into debt.

Talk to your Council, they are there to help and guide you. For example, are you on the correct benefits package or do you get the support you are entitled to. The Council will review your case and make changes where required.

Penham Ref:
Client Reference:

Call: 033 000 81623
Automated Payment Line

Please visit **www.penhamexcel.co.uk** to make your payment via our secure online payment solution.

You will need your council reference number and also your. Penham Excel reference number to complete your payment.

These will both be found on any
correspondence from ourselves

When entering into an Arrangement you can opt to pay via an Allpay Swipe Card, this can be requested upon setting your arrangement with one of our support team.

To Contact our support team please call:
033 000 20705 (option 6)

If you pay by post, please make your cheque payable to "Penham Excel Ltd"

Please send your cheque to:

**Penham Excel Ltd, Ashley House
Siemens Road, Stafford. ST17 4DT**

Please ensure to write clearly on the reverse of the cheque your High Court reference number and also your Penham Excel reference number.

Vulnerability Policy / Training

Vulnerability Policy / Training

Identifying & Training

Training is provided to all staff both internally and externally on the important issue of dealing with debtors who may be Vulnerable.

A 'Vulnerable Person' is anyone who needs:

Community care services because of mental or physical disability, age or illness.

Is unable to take care of himself or herself; or

Is unable to protect themselves against significant harm or exploitation.

And potentially part of the following Groups:

Disabled

Elderly

Seriously ill

Mentally ill

Single parents

(the above is not an exhaustive list)

Each member of staff goes through a Course for Safeguarding Vulnerable adults. The course covers all areas that are required to identify where possible vulnerability. Each member of staff isn't just trained on this area but also has to take a written multiple-choice examination to be awarded a certification of training and understanding.

The examination and certification is provided by an external organisation to ensure the highest of standards in this area, Utilising a specialist in this field provides the assurance that our staff have the best possible training to help anyone who is possibly in the category of vulnerable.

We pride ourselves in always safeguarding vulnerability in all our operations and have done so since our conception. We understand it is a very delicate issue and not always easily identifiable so our staff are highly trained to identify debtors who may fall into this category.

Our internal training programme for adult safeguarding follows the government's policy, however it focuses on the job we have to do and what stages we can identify a person who is vulnerable.

We also fully understand that people who are ill, in debt or are permanently on medication do not always fall under the category of vulnerable. Each case therefore if raised is looked into carefully with managerial involvement.

Refresher training is undertaken with both Head Office staff and at Enforcement Agent meetings. Any cases encountered are talked through as part of our practical training policy (*excluding data that is protected under data protection*).

Linked to our vulnerable adult policy we provide our staff with additional training on identifying child protection issues, human trafficking, animal cruelty and illegal substances as it fits with our Enforcement Agents attending people's property.

Dealing with Vulnerable Debtors

If a debtor is noted and recorded by ourselves as a vulnerable person this data is shared immediately with the local authority together with any evidence gained.

We may then discuss the case with the Local Authority in order to decide what action should be taken and how we proceed.

With regard to dealing with the vulnerable person to collect payment we could offer, subject to the Local Authorities approval, the following options:

Instant access to our welfare team for support and advice.

A meeting at the Local Authority or Penham Excel's Offices between the vulnerable debtor, the Local Authority and us to discuss the situation in a comfortable stress free surrounding.

A conference call between the Local Authority, the vulnerable debtor and our welfare team to discuss the situation.

Issue a different type of letter clearly explaining the situation.

Take the collection stage back a stage (remove the enforcement fee).

Cease all enforcement action.

Offer to deal with a family member, close friend or representative from a Debt Advisory Service subject to authority from the Local Authority in order to not break any data protection.

Since the changes in the regulations in April 2014 an emphasis has been made on Vulnerability, and ensuring adequate training and identification takes place. However this is not a change to Penham Excel and its staff; we have always encountered people throughout our work as enforcement agents who are vulnerable. We have always dealt with any case carefully and discussed them with our clients.

Identifying Vulnerability is key part of the training all our staff go through, asking tactful questions to obtain the needed evidence to support that person(s) with the enforcement process. Looking for traits that (*potentially*) point to vulnerability, such as:

A change of telephone conversation email
or letter

Behavior of a person

Language difficulties

Paperwork evidence

History / family background

Information gathered by others / the
instructing client

Language

Dealing with Debtors who may not speak English can also be deemed as being Vulnerable. At Penham Excel we ensure every effort is made to communicate with all of the debtors, including those who may not be able to speak or understand English written content. To this end we ensure the following practices are in place:

Letters

With the issue of our Notice of Enforcement will also send out a debt advice leaflet, talking through the process of enforcement, providing the advice agencies that can be visited / talked to and also flags for languages to try and assist with identifying language barriers.

To translate this letter to your language please visit Google Translate here: www.translate.google.co.uk and type in the contents.

Our system can also flag different languages per case and can then translate any letters produced into that language for posting out and door step attendances. In our offices we use Babylon Translator – This covers 77 different languages – This software does not just translate word for word which can then be deemed unreadable. This software contextually translates and to a very high level of accuracy. We also use type talk which again translates over 200 language but which also uses accents to help further with understanding.

Website

Our website www.penhamexcel.co.uk displays a visible panel on the home page of nationalities flags which links through to a page on the Debtor Information page which directs the debtor in their own language to Google Translate.

We are also currently working with a company to have the web site translated (*only the debtor information part*) into a talking site varied in a number of different languages – this is in progress and will be live and tested by the middle of 2019.

Enforcement Agents

All of our Enforcement Agents carry Language Line cards with them. If a debtor does not understand English our agents will show them the card and ask to point to the language they understand. At this point the agent will contact Language Line by telephone and request an Interpreter who will then speak to the debtor and explain why the agent is there and what the debtor must do or agree to.

The agents' handheld devices (*IPADs*) have the letters in a variety of different languages to help alongside the Language Line person who would be assisting. The data is removed with regards to figures but the wording is translated. These letters can be emailed to the helpline person upon acceptance by the debtor. Additionally the EA's can use Google translate and Google documents translate on their IPADs.

All agents have Voice Translate Pro as an application that translates the spoken voice of the agent to the language required. This is one of three applications operated by our enforcement agents that does not just translate into text but also with the required accents.

How we make a difference:

If vulnerability is identified we can:

Take the enforcement back a stage

Remove fees where applicable

Advise the local advice agencies and client of the situation to gain help

Provide a free of charge welfare visit to assist with understanding and provide support

Ensure they are getting the correct support and financial benefits they should be

Attending Citizens Advice and all advice sector meetings to work with them on the latest understanding of vulnerability and how to deal with it

Penham Excel Ltd

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High Court Enforcement (HMO) Ltd trading as Penham Excel High Court Enforcement Officers

Ashley House, Siemens Road, Stafford, ST17 4DT

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Email: info@highcourtenforcementofficers.com

Web: www.highcourtenforcementofficers.com

Vulnerability

All Penham Excel staff are trained to a high standard on how to identify and deal with the important issue of vulnerable debtors. Penham Excel has a **Welfare Team consisting of two Directors and two Managers**, with direct email contact for debtors and Clients.

Each member of staff both internal and external undertakes the Safeguarding Vulnerable adults Course, which covers identifying possible vulnerability and how to deal with vulnerable people.

Staff also undertake Level 2 in Behavioural Detection Training, Modern-Day Slavery (delivered by the Police and sponsored by North Hertfordshire District Council) and Mental Health Awareness.

It is important that vulnerability is **identified at the earliest point in the recovery process** and our computer system flags vulnerable cases and places warnings and holds on vulnerable cases. The warnings and holds are carried across all associated cases and even after cases are closed and new accounts received.

Our leaflet. Penham Debt Advice which is enclosed with the Notice of Enforcement covers vulnerability and signposts the debtor to the various agencies that are able to assist and to the debt advice agencies.

The Penham Excel call centre team and administrative staff are trained to identify the **following traits which may indicate vulnerability** and this list is by no means exhaustive.

- Change in tone of a telephone conversation, email or letter
- Behaviour of others present with the possible vulnerable person during the call
- Language difficulties and others talking on their behalf
- Paperwork evidence indicating vulnerability
- History of the family or background
- Background information from Local Authority, Carers, Social Workers or Debt Advice Agencies

The staff will **tactfully and sensitively obtain as much evidence as possible** and where necessary contact the Local Authority to discuss the case and take further instruction on how to proceed or return the case, if requested to do so. The computer system will be updated and flagged to identify vulnerability and **the screen will change colour in order that the case stands out** to all users and the case is automatically placed on hold.

Sometimes vulnerability is not identified until a visit is made to the property and the Enforcement Agents are trained to not only identify the traits as listed above, but also

- The appearance of an individual
- Physical difficulties
- Body Language
- Clothing and general cleanliness of a property, individual or household
- Houses in poor state of repair
- Homes without carpeting
- No Winter heating
- Communication difficulties

- Signs of debtor being on medication, taking alcohol or drugs
- Third parties in attendance at time of visit
- Recent bereavement
- Long term sickness
- Pregnancy
- The Elderly
- Those with learning difficulties and mental health issues

List is not exhaustive.

The Enforcement Agents' iPads have a vulnerability button to immediately alert the Welfare Team/Vulnerability Team to review cases, video footage, letters and emails, scanned to the system and if necessary, contact is made with the Local Authority to discuss the case and take further instruction. The Agents' iPads are also programmed to prompt questions for the Agents to ask, whilst in attendance, to aid in identifying vulnerability and **allowing "breathing space"** and for the cases to be placed on hold. Documents and letters can be provided in large font or Braille.

All staff are trained to signpost vulnerable debtors to

- Citizens Advice
- Stepchange
- Christians Against Poverty
- Money Advice
- MIND – for mental health assistance
- Ethnos – For ethnic
- Scope – Equal Opportunities for disabled people
- Royal National Institute of Blind People
- Sense – for people with complex difficulties

Vulnerable debtors are often not confident in talking to our call centre team about their condition or circumstances and do not respond well to letters, therefore it is of the utmost importance that the Agents in the field identify these cases and react according to their training. We have experienced cases where suicide has been threatened to an Agent in the evening over the telephone and the Agent has responded promptly by calling the emergency services, attending the premises himself to assist, referring to the Welfare Team and Local Authority.

Penham Excel monitors the staff by viewing the **Agents' Body Worn Cameras** and this is carried out for all Agents on a quarterly basis. If a case is referred to the Welfare Team, then the video footage is viewed immediately. Cases are discussed and reviewed at the Agents' Review Meetings. Management will listen to telephone recordings, on a weekly basis, from the call centre calls and check against the notes made on the computer system. These cases are selected randomly and for all staff and discussed at our monthly Staff Meetings. The recordings are checked immediately if a case is referred to the Welfare Team.

Penham Excel's Welfare Team offers vulnerability visits to debtor's premises, **without charge to the debtor or Local Authority**. This enables the Team to collate further information and evidence from the debtor and to aid in signposting to the relevant organisation for further advice and assistance. Medical records may be obtained if appropriate and details of medication which may affect the debtor's ability to function.

The Welfare Team also attend cases with the Enforcement Agent, on a regular basis, to assess how each Enforcement Agent is identifying potential vulnerability and to ensure that the **Agent is acting with diplomacy and sensitivity** in the debtor's home.

If vulnerability has been established and confirmed and following consultation with the Local Authority it may be agreed that we return the case to the Council or move a case back a Stage and waive costs, or allow some **"breathing space"** for the debtor to take advice and organise their finances.

In some cases where vehicles have actually been removed for sale, Penham Excel has returned the vehicle back to the debtor. One example, not in North Hertfordshire. was reviewed by the Welfare Team and discussed with the Council. There had been long argumentative telephone calls with the debtor throughout the case, however, following the removal of the vehicle, the tone of the debtor's emails changed and the Team reviewed the case. It transpired that the debtor not only had personal problems and mental health issues but was also caring for elderly parents who lived some distance away and transport was required for this purpose. Suicide threats had also been mentioned. Therefore, from the tone of the last emails that we received, the Team were concerned and discussed all aspects of the case with the Local Authority, resulting in Penham Excel suggesting that the vehicle be returned and the debtor entered into a sustainable payment arrangement. The Council agreed that this was the best course of action. Charges were met by Penham Excel Limited.

Communication difficulties often cause vulnerability and to assist the debtor, the Agent has a mobile phone application called **Type Talk, which translates to over 200 languages and accents.**

We use this in conjunction with **Language Line**, where an independent interpreter is **available 24 hours a day 7 days a week**. This is regularly used by our call centre staff. The Agents will also take note of friends and family who may be in attendance and can help with translation. Our leaflets have country flags included which point the debtor towards their language and links for assistance. Please see our web site: <https://penhamexcel.co.uk/debtors/translations/>

Penham Excel is currently holding meetings with Stepchange to set industry standards and accreditations for Companies such as Penham, who operate ethically and sensitively. Stepchange have only received one notice of dissatisfaction against Penham Excel, which is the lowest on their system.

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Council Tax Protocol

Revised Collection of Council Tax Arrears Good Practice Protocol



Agreed by:

Citizens Advice, June 2017

Local Government Association, June 2017



Council Tax Protocol

We agree to adopt this protocol in
as our public commitment to its principles of fairness, partnership
working and transparency in local authority debt collection:

Signature

.....

Local authority representative

Signature

.....

Local Citizens Advice / advice
agency representative

Signature

.....

Enforcement agency
representative

(where relevant)¹

Signature

.....

External contractor
representative

(where relevant)¹

Date:

¹ Enforcement agents and external contactors may sign this protocol if they and the authority agree that it is appropriate.

Council Tax Protocol

Revised collection of council tax arrears good practice protocol

Council tax payers receive a better level of service when local authorities², enforcement agencies and debt advice agencies work closely together. Early intervention and proactive contact with people struggling with bill payments can help prevent them incurring further charges and help alleviate stress. It can also potentially help reduce both collection costs and calls on local public services, particularly mental health services.

This good practice protocol makes a number of suggestions on how local partnerships can be strengthened and residents better supported. Developed through partnership work between the national bodies representing advice agencies, local government and enforcement agencies throughout England and Wales, it builds upon the previous protocol, which government recommended local authorities adopt in their 2013 guidance. The protocol reflects best practice at local level and is intended to facilitate regular liaison on practices and policy concerning council tax debt collection. In setting down clear procedures and keeping them regularly under review, all parties can ensure that cases of arrears are dealt with appropriately whilst complaints are handled efficiently.

By signing the protocol and adopting the practices set out below, local authorities, enforcement agencies and advice agencies can help taxpayers pay their council tax bills while accessing debt advice when needed.

² Where we use the term 'local authorities', this should also be read to cover a local authority's external contractors, where the local authority has contracted out the administration of some or all of its council tax collection process.

Partnership

To foster more effective partnership working:

1. Local authorities, enforcement agencies and advice agencies should meet regularly to discuss practical and policy issues with a recommendation to meet quarterly at officer level and annually with elected members.
2. All parties should have dedicated contacts accessible on direct lines and electronically so that issues can be taken up quickly.
3. All parties should promote mutual understanding by providing training workshops, undertaking exchange visits and sharing good practice.
4. As local authorities are responsible for the overall collections process, they should ensure all their staff, external contractors and enforcement agencies receive the appropriate training, particularly on vulnerability and hardship.
5. Advice agencies, enforcement agencies and local authorities should work together to develop a fair collection and enforcement policy, highlighting examples of vulnerable people or those who find themselves in vulnerable situations, and specifying clear procedures in dealing with them. Contractual arrangements with enforcement agents should specify procedures for the local authority to take back cases involving vulnerable people.
6. Local authorities should consider informal complaints as debtors may be afraid to complain formally where enforcement agent activity is ongoing. Informal complaints received from advice agencies can indicate problems worthy of further investigation both locally by the local authority and by referral to national bodies.

Information

To improve the information supplied to council tax payers about the billing process, how to get support and debt advice and to promote engagement:

1. All parties should work together to produce letters that clearly and consistently explain how council tax bills have been calculated (including any Council Tax Support award). Council tax bills should make clear council tax is a priority debt and explain the consequences of not making payment by the date specified. As far as possible within the constraints of systems, where a taxpayer has council tax arrears, the letters should explain how the debt has been accumulated and over which time period, the layout and language of bills and letters should be easy to understand, with any letters including a contact phone number and email address. All information should also be made available online in a clear format.
2. Local authorities should consider reviewing payment arrangements and offer more flexible options, including, subject to practicality, different payment dates within the month, spreading payments over 12 months and, potentially, different payment amounts to assist those on fluctuating incomes. This can allow people to budget more effectively.
3. Local authorities and enforcement agents should publicise local and national debt advice contact details on literature and notices. Advice agencies can help by promoting the need for debtors to contact their local authority promptly in order to agree payment plans. Parties can work together to ensure the tone of letters is not intimidating but encouraging of engagement.
4. Local authorities should ensure that enforcement agencies have appropriate information about the council tax debts they are recovering, so they can put this in letters they send to debtors and answer any questions.
5. Local authorities should consider providing literature about concerns council tax debtors may have about enforcement agents and enforcement. Information could cover charges enforcement agencies are allowed to make by law, how to complain about enforcement agent behaviour or check enforcement agent certification and further help available from the local authority or advice agencies.
6. All parties should work together to review and promote better engagement by council taxpayers. This should include information on how bills can be reduced through reliefs, exemptions and council tax support schemes, advising taxpayers that they should contact the local authority if they experience financial hardship and the consequences of allowing priority debts to accumulate. Information and budgeting tools should be made available on local authority and advice agency websites, via social media and at offices of relevant agencies. This is an opportunity for joint campaign work.

Recovery

If a council tax bill is not paid, then the local authority's recovery process comes into play. While local authorities strive to make early contact with a debtor, the first point of engagement by a debtor often only occurs when an enforcement agent visits the premises. Greater effort should be made at or before the Tribunal Courts and Enforcement Act's compliance stage, including debt and money advice referrals and to assess whether vulnerability or hardship applies, so as to avoid escalating a debt. Therefore:

1. Local authorities and enforcement agencies should work in partnership with advice agencies on the content, language and layout of all documents, produced by the local authority and agents acting on its behalf which are part of the enforcement process. This should aim to ensure that the rights and responsibilities of all parties, particularly those of the debtor, are clearly set out.
2. Enforcement agents should provide the debtor with a contact number and email address should they wish to speak to the local authority.
3. Local authorities should keep all charges associated with recovery under regular review to ensure they are reasonable and as clear and transparent as possible and reflect actual costs incurred. Enforcement agents should only make charges in accordance with council tax collection and enforcement regulations, particularly the Tribunal Courts and Enforcement Act.
4. Local authorities should periodically review their corporate policy on debt and recovery, particularly what level of debt (inclusive of liability order fees) should have accrued before enforcement agent action, as enforcement will add additional costs to a debt.
5. As part of their corporate policy on debt and recovery, local authorities should have a process for dealing with cases that are identified as vulnerable, bearing in mind that different local authorities may have different definitions of a vulnerable person or household. Any local definition of vulnerability should be developed in consultation with advice agencies and enforcement agencies and, wherever possible, the local authority should aim to publish clear guidelines on what constitutes vulnerability locally. Where a local authority's vulnerability criteria apply, In these cases, debts should be considered carefully before being passed to enforcement agencies. Where enforcement agents or other parties identify a vulnerable household, recovery action will be referred to the local authority.
6. Local authorities should regularly review and publish their policies which cover hardship, including how these relate to council tax arrears.

7. Where a household is in receipt of Council Tax Support, the local authority should consider matters carefully and determine whether to pass such cases to enforcement agents, based on the individual circumstances of the case.
8. The debtor may have outstanding claims for Universal Credit, Council Tax Support or other benefit(s) which are contributing to their arrears. Local authorities can suspend recovery once it is established that a legitimate and relevant claim is pending.
9. Local authorities and their enforcement agents should consider offering a 28 days hold or “breathing space” on enforcement action if debtors are seeking debt advice from an accredited advice provider.
10. Procedures should exist for debt advisers to negotiate payments on behalf of the taxpayer at any point in the process, including when the debt has been passed to the enforcement agent. In some cases, the debtor may only contact an advice agency following a visit from the enforcement agent.
11. Local authorities and enforcement agents should consider accepting and using the Standard Financial Statement (SFS) or Common Financial Statement in assessing ability to pay as long as this is consistent with securing value for money for all council tax payers.
12. Each case should be examined on its merits and repayment arrangements need to be affordable and sustainable, while ensuring that the debt is paid off within a reasonable period. Where appropriate, local authorities should provide the flexibility to spread repayments over more than a year, including beyond the end of a financial year.
13. Local authorities should prioritise direct deduction from benefits or attachment of earnings in preference to using enforcement agents. This avoids extra debts being incurred by people who may already have substantial liabilities.
14. Clarity should be provided to the debtor and enforcement agency as to which debts are being paid off, in what amounts and when, especially where a debtor has multiple liability orders. Where appropriate, debts should be consolidated before being sent to enforcement agents.
15. Local authorities should publish a clear procedure for people to report complaints about all stages of recovery action. Local authorities will regularly monitor and, subject to requirements of commercial confidentiality and the Data Protection Act, publish the performance (including complaints) of those recovering debts on their behalf and ensure that contractual and legal arrangements are met.

Free, confidential advice. Whoever you are.

We help people overcome their problems and campaign on big issues when their voices need to be heard.

We value diversity, champion equality, and challenge discrimination and harassment.

We're here for everyone.



citizensadvice.org.uk

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Citizens Advice is an operating name of The National Association of Citizens Advice Bureaux.

Registered charity number 279057.

Equality Guidance – Equalities Act 2010

BACKGROUND INFORMATION

What is the legal requirement?

The Equality Act 2010 was implemented on October 1st 2010. The Act creates a new Public Sector Equality Duty. This means there is a General duty that local authorities must meet and specific duties which are designed to help meet them.

NHDC, as a public authority must, in the exercise of its functions, give **due regard** to the need to:

1. Eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Act.
2. Advance equality of opportunity between people who share a protected characteristic(*these are identified in the 'specific duty' paragraph below*) and those who do not (this can mean removing or minimising disadvantage; meeting people's needs; taking account of disabilities; encouraging participation in public life).
3. Foster good relations between those people who share a protected characteristic and those who do not (such as tackling prejudice and promoting understanding).

To show **due regard** for advancing equalities involves:

Removing or minimising disadvantages suffered by people due to their protected characteristics.

Taking steps to meet the needs of people from protected groups where these are different from the needs of other people.

Encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.

The Specific Duty:

The Specific Duty which underpins the General Duty includes assessing local authority activities in the exercise of their functions, such as proposals, policies and procedures, for impact on people in relation to the protected characteristics listed below.

The new Specific Duty covers the following eight protected characteristics:

Age	Race
Disability	Religion or belief
Gender reassignment	Sex
Pregnancy and Maternity	Sexual orientation

(The duty to have due regard to the need to eliminate discrimination also covers marriage and civil partnerships is in relation to employment issues only),

A public authority that is covered by the specific duties is required to publish sufficient information to demonstrate its compliance with the general equality duty across its functions. This must be done by **31st July 2012** and at least annually after that, from the first date of publication.

This information must include:

Information on the effect that its policies and practices have had on people who share a relevant protected characteristic

What is Equality Analysis?

Equality analysis is a way of considering the effect of an organisation's services on different groups that are protected from discrimination by the Equality Act. By doing this analysis, NHDC need to consider if there are any unintended consequences for some groups and to consider if the policy/decision will be fully effective for all target groups.

By law, NHDC must conduct equality analysis which:

- Contains sufficient information to enable a public authority to show it has given due regard to the equality duty in its decision making.
- Identifies methods for mitigating or avoiding adverse impact (either disproportionate disadvantage and unlawful discrimination).

Failure to meet the duties may result in authorities being exposed to legal challenges.

Step by Step guide to undertaking Equality Analysis

These principles apply to existing as well as new and proposed policies.

In order to be most effective, equality analysis should start prior to policy development or at the early stages of a policy review, considering its possible effects well in advance of implementation.

Outlined below is a suggested staged approach;

Identifying who is responsible for the equality analysis

Establishing relevance to equality

Scoping your equality analysis

Analysing your equality information

Monitoring and review

Decision-making and publication

1.0 Identifying who is responsible for the equality analysis

The person identified to undertake the equality analysis should be the person with whom responsibility for evidencing need to change a policy or service decision rests, in this respect it is advisable that analysis should only be taken by council officers in their relevant policy/service areas. This will ensure that proper ownership of the analysis is maintained, that there is sufficient knowledge of the service itself, and any results of the analysis inform future service development and improvement

2.0 Establishing relevance to equality

The Equality Act 2010 guidance states that all policies must be analysed for their impact on equality, whether these are current and proposed policies or whether they are informal customs or practices. NHDC are responsible for making a wide range of decisions, including decisions about overarching policies and setting budgets, to day-to-day decisions, which affect specific individuals or specific groups. NHDC propose that the following areas are targeted for Equality Analysis:

- Key decisions - i.e. those over £50,000.00 value or which have a considerable potential impact on the community and across the 'protected characteristics'. (NB. Contractual arrangements, such as contracts for energy, will be exempt from review as whilst they are of sufficient monetary value, the 'equality' impact on the community is nil).
- Major budget implications - i.e. efficiencies and investments such as those proposed within the corporate business planning process
- Major service provision revision - i.e. restructure proposals, changes to working practices and especially those with greatest impact on external customers.

Relevant policies which may be subject to review may include:

grant-making programmes
budgetary decisions
changes to service delivery (including withdrawal or reduction of services)
and **recruitment or pay policies**

Where it is clear from initial consideration that a policy will not have any effect on equality for any of the protected characteristics, no further analysis or action is necessary. There will be some policies which are not specifically relevant to equality e.g. a policy on when to check the temperature of fridges in a hospital. Some policies may be more difficult to judge and certainly, at the outset, advice should be sought from the corporate Policy team.

This is particularly important, as if you decide that a policy is not relevant to equality, you will need to document this decision along with the reasons and the information that you used to reach this conclusion. *This evidence is subject to review by the Equality and Human Rights Commission and could be used as evidence in any challenge regarding decisions this Council has made*

A simple statement of 'no relevance to equality' without any supporting information is not sufficient, nor is a statement that no information is available.

The following questions may help in deciding whether a policy is relevant to equality (this is not an exhaustive list but intended to provide a steer when making decisions, particularly in the early stages of implementation):

Does the policy affect service users, employees or the wider community, and therefore potentially have a significant effect in terms of equality? Remember that relevance of a policy will depend not only on the number of those affected but also by the significance of the effect on them.

Is it a major policy change, significantly affecting how functions are delivered in terms of equality?

Will it have a significant effect on how other organisations operate in terms of equality? (for example, a government strategy, an inspection or a grant).

Does the policy relate to functions that previous engagement has identified as being important to particular 'protected' groups?

Does or could the policy affect different protected groups differently?

Does it relate to an area with known inequalities (for example, access to public transport for disabled people)?

3.0 Conducting your equality analysis

3.1 How do the aims of the policy relate to equality?

To do this you will need to have a clear understanding of the policy/decision that is being developed or reviewed. Consider:

What is the purpose of the policy/decision?
In what context will it operate?
Who is it intended to benefit?
What results are intended?

At this early stage you can consider the potential effects, both negative and positive, on protected groups.

3.2 What aspects are relevant to equality?

Consider which aspects of the policy are most relevant to equality. This will help you to focus your attention on the most important areas.

3.3 What equality information is available?

It is important that you have appropriate and reliable information about the different protected groups that the policy is likely to affect. Of course, this will vary according to the nature of the policy being analysed but information gathered from service users should tell you who is using your services, what their experiences are and what their outcomes are.

The following information may also be useful:

- Comparisons with similar policies in other departments or other authorities
- Analysis of enquiries, comments or complaints from the public
- Recommendations from inspections or internal audits
- Information about the local community, including Census and general demographics to establish the numbers of protected groups in your area.
- Results of engagement activities or surveys
- Information from protected groups and other agencies, such as equality organisations and voluntary or community organisations providing services to the public to help you understand the needs or experiences of different groups.

3.4 What are the information gaps?

If you do not have equality information about a particular policy or about some protected groups, consider whether you need to fill these information gaps by surveys or other engagement or stakeholder meetings. This may include, in the longer term, questions included in the District Wide or Citizens Panel surveys, for example, or by making use of community events to test agreement with a policy decision.

3.5 Which groups could usefully be engaged?

Depending on the policy that is being analysed, consider engaging with employees, service users and/or equality organisations. Recent engagement activities that have been undertaken for related policies or strategies may prove useful as a starting place. See the EHRC guide on *Engagement and the equality duty* for further guidance.

4.0 Analysing your equality information

Local authorities should ask one simple question when delivering services to the public:

What will happen, or not happen, if we do things a certain way?

Remember that equality analysis is not simply about identifying and removing negative effects or discrimination – it is also an opportunity to identify ways to advance equality of opportunity and to foster good relations.

4.1 Using your information to understand the effect on equality

Once you have gathered all the relevant equality information together, you will be able to make a judgement about what the likely effect of the policy will be on equality.

Be wary of general conclusions – it is not acceptable to simply conclude that a policy will universally benefit all service users, and therefore the protected groups will automatically benefit, without having evidence to support that in any conclusion.

Understanding the effect on equality will be easier for existing policies. For new policies, you will need to evaluate the proposal against all the information assembled and make a reasonable and informed judgement about whether the policy is likely to have positive or negative consequences for particular groups.

The following questions and answers provide a check to determine whether you consider that your analysis is robust enough to rely on:

• Is the purpose of the policy change/new policy clearly set out?

Robust analysis will set out the reasons for the change; how this change can impact on equality groups, as well as whom it is intended to benefit; and the intended outcome. You should also consider how policies might relate to one another. This is because a series of changes to different or interrelated policies or services could have a severe and consolidated impact on particular equality groups.

Has the analysis considered the available evidence?

The assessment should use the most up-to-date and reliable information about the different groups the proposal is likely to affect. A lack of data is not a sufficient reason to conclude that there is no impact.

• Have those likely to be affected by the policy been consulted and involved?

Involvement and consultation are crucial to the equality analysis process and this will certainly be the case for larger policy discussions/decisions, such as that relating to housing provision, town centre enhancements etc, when it would be more than justified to seek the views of those most directly affected, i.e. disabled people.

• Have potential positive and negative impacts been identified?

It is not enough to state simply that a policy will affect everyone equally – it is rare that it would! There should be consideration of available evidence to see if particular equality groups are more likely to be affected than others are. Equal treatment does not always produce equal outcomes; sometimes authorities will have to take specific steps for particular groups to address an existing disadvantage or to meet differing needs.

• What course of action does the analysis suggest I take? Is it justifiable?

Your analysis should clearly identify the potential equality impacts, the decisions that you have arrived at and the reasons for this decision. All must be documented and retained for subsequent review.

The following questions may be useful to understand the effect of the policy on service users:

- Could the policy outcomes differ between protected groups?
- What are the key findings of your engagement?
- Is there different take-up of services by different groups?
- Could the policy affect different groups disproportionately?
- If there is a greater effect on one group and is that consistent with the policy aims?
- Has the policy delivered practical benefits for protected groups?
- Does the policy miss opportunities to advance equality and foster good relations, including, for example, participation in public life?
- Could the policy disadvantage people from a particular group?
- Could any part of the policy discriminate unlawfully?
- Are there other policies that need to change to support the effectiveness of the policy under consideration?

The findings of your analysis

Having reviewed potential users, and what you know of our local population etc, there are four main steps that you can take with regard to any proposal you are making:

No major change – The analysis demonstrates that the policy is robust and the evidence shows no potential for discrimination or adverse impact.

Adjust the policy – This involves taking steps to remove barriers or to better promote equality. It can mean introducing measures to mitigate the potential effect.

Continue the policy – This means adopting your proposals, despite any adverse effect or missed opportunities to advance equality, provided you have satisfied yourself that it does not unlawfully discriminate.

Stop and remove the policy – If there are adverse effects that are not justified and cannot be mitigated, you will want to consider stopping the policy altogether. If a policy shows unlawful discrimination it *must* be removed or changed.

Documenting your analysis

Documenting your analysis is important to ensure that the general and specific duties are being met

You may want to document some or all of the following areas. There is no legal requirement to put this information into one document, but for ease of reference and in order to establish a corporate standard, we request that it is put into a standard format to improve communication and transparency. That information, collected on the template attached at the end of this report must contain the following;

The person responsible for the policy

The aims of the policy

The key people that are involved, for example decision-makers, staff implementing it

Relevance of the policy to the different arms of the duty and the different protected groups

What equality information is available, including any evidence from your engagement?

What information gaps exist?

What engagement has been done regarding this policy, and the results of this?

What the actual or likely effect of the policy is, regarding the aims of the general equality duty and the protected groups?

What steps you will take in response to the findings of your analysis?

How you will review the actual effect of the policy after implementation?

The timescale for implementation

Sign off of the equality analysis - by a responsible officer for the service and the Head of Policy, Partnerships and Community Development

As part of the internal governance arrangements, completed equality analysis will be quality checked by the Corporate Diversity Group. Part of the remit of this group is to monitor progress on the equality duty, including equality analysis.

A template has been provided to ensure that uniform information is collected at Annex A.

5. Monitoring and review

Equality analysis is an ongoing process that does not end once a policy has been agreed or implemented. Service provision need to change in line with the needs of the service users - demographics can change, leading to different needs, alternative provision can become available or new options to reduce an adverse effect could become apparent. This does not mean repeating the equality analysis, but using the experience gained through implementation to check the findings and to make any necessary adjustments.

Consider:

How you will measure the effects of the policy?

When the policy will be reviewed and what could trigger an early revision?

Who will be responsible for monitoring and review?

What type of information is needed for monitoring and how often it will be analysed?

How to engage stakeholders in implementation, monitoring and review?

6. Decision-making and publication

In order to have due regard to the equality aims in the general equality duty, your decision-making should be based on a clear understanding of the effects on equality. This means that the person who ultimately decides on the policy has to be fully aware of the findings and have due regard of them in making decisions.

Publication

Under the specific duties, equality information published by listed bodies must include evidence of analysis undertaken to establish whether their policies and practices would further or have furthered, the aims of the general equality duty. It is recommended that the Council should publish information on equality analysis alongside the policy or decision that it refers to; arrangements have been made to ensure that reference to equality analysis appears in all formal committee reports on the corporate template and that EIAs are filed alongside those reports to evidence equality compliance.

Glossary

What are the Protected Characteristics?

Age: A person of a particular age (e.g. 32 year old) or a range of ages (e.g. 18 - 30 year olds). NB age is not currently protected under goods and services (this is unlikely until 2012). When considering disadvantage, take into account impacts on children and young people as well as adults, and cross-cutting impacts such as parents and carers (of younger, disabled and older people).

Disability: A person has a disability if s/he has, or has had, a physical or mental impairment which has a substantial and long-term adverse effect on their ability to carry out normal day-to-day activities. Carers are covered by association.

Gender reassignment: A person who is proposing to undergo, is undergoing or has undergone gender reassignment (the process of changing physiological or other attributes of sex, therefore changing from male to female, or female to male).

Pregnancy and maternity: Maternity refers to the period of 26 weeks after the birth (including still births), which reflects the period of a woman's Ordinary Maternity Leave entitlement in the employment context. In employment, it also covers (where eligible) the period up to the end of her Additional Maternity Leave.

Race: A person's colour, nationality, ethnic or national origin.

Religion and belief: Religious and philosophical beliefs including lack of belief. Generally, a belief should affect your life choices or the way you live for it to be included in the definition.

Sex: A man or a woman.

Sexual orientation: A person's sexual orientation towards the same sex (lesbian or gay), the opposite sex (heterosexual) or to both sexes (bisexual). NB does not currently apply to the General Duty.

Marriage and civil partnership: Marriage is defined as a 'union between a man and a woman'. Same-sex couples can have their relationships legally recognised as 'civil partnerships'. Civil partners must be treated the same as married couples on a wide range of legal matters.

Equality Analysis Template

1. Name of activity:	Fair Collection Policy			
2. Main purpose of activity:	To ensure that the Council operates a fair approach towards the collection of debts, provides all concerned with the opportunity to make payment arrangements and protects our vulnerable customers			
3. List the information, data or evidence used in this assessment:	Fair Collection Policy, Service Level Agreements with Collection Agents and many years of practical experience in debt collection			
4. Assessment				
Characteristics	Neutral (x)	Negative (x)	Positive (x)	Describe the person you are assessing the impact on, including identifying: community member or employee, details of the characteristic if relevant, e.g. mobility problems/particular religion and why and how they might be negatively or positively affected. Negative: What are the risks? Positive: What are the benefits?
Community considerations (i.e. applying across communities or associated with rural living or Human Rights)	x	<input type="checkbox"/>	<input type="checkbox"/>	Negative
				Positive
A person living with a disability	<input type="checkbox"/>	<input type="checkbox"/>	x	Negative
				Positive
				Any household that has a person with a disability will be considered as vulnerable if they have limited means and will be referred for additional assistance
A person of a particular race	x	<input type="checkbox"/>	<input type="checkbox"/>	Negative
				Positive
A person of a gay, lesbian or bisexual sexual orientation	x	<input type="checkbox"/>	<input type="checkbox"/>	Negative
				Positive
A person of a particular sex, male or female, including issues around pregnancy and maternity	<input type="checkbox"/>	<input type="checkbox"/>	x	Negative
				Positive
				A person who is pregnant or has responsibility for young children will be considered as vulnerable if they have limited means and will be referred for additional assistance
A person of a particular religion or belief	x	<input type="checkbox"/>	<input type="checkbox"/>	Negative

				Positive
A person of a particular age	x	<input type="checkbox"/>	<input type="checkbox"/>	Negative
				Positive
Transgender	x	<input type="checkbox"/>	<input type="checkbox"/>	Negative
				Positive

5 Results

	Yes	No	
Were positive impacts identified?	x	<input type="checkbox"/>	
Are some people benefiting more than others? If so explain who and why.	<input type="checkbox"/>	<input type="checkbox"/>	The policy intention is to make it as easy as possible for all customers to pay any money owed to the Council. It is however recognised that some customers will be more vulnerable and the policy provides for the recovery processes to be suspended for these customers to be offered additional assistance with debt and money management.
Were negative impacts identified (what actions were taken)	<input type="checkbox"/>	x	

6. Consultation, decisions and actions

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

Not applicable in this case

Describe the decision on this activity

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

Action	Responsible person	Completion due date

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

7. Signatures

Assessor

Name: **Geraldine Goodwin**

Signature** G Goodwin

Validated by

Name: **Howard Crompton**

Signature** H Crompton

Forward to the Corporate Policy Team

Signature** Reuben Ayavoo

Assessment date: **07/01/2020**

Review date: 07/01/2021

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

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

Full budget



Agency information

This section will be completed by a money adviser or agency if you are using one.

Agency name:

Agency address:

Agency contact:

Agency membership code number:

Case reference number:

Date of statement:

Date of review:

Debt admin fee: £

Introduction

It is important to complete the **full budget** as accurately as possible because it will help you see:

- what money you have coming in;
- what money you need to pay your essential bills; and
- what money you have left over to pay your debts.

Monthly budget

The budget asks for monthly figures. If any of your income or outgoings are paid weekly, fortnightly or four-weekly, you will need to change them to monthly figures. Making sure that all your figures are monthly will help you to create an accurate budget.

Use these instructions to change your figures to monthly.

You may find it helpful to do your calculations on a separate sheet of paper, or photocopy the budget so you can complete a first draft. This will give you the opportunity to look over your figures and check that you have covered all of your income and outgoings.

Instructions

To change weekly to monthly figures

Weekly figure x 52 (weeks) divided by 12 (months)

To change fortnightly to monthly figures

Fortnightly figure x 26 (payments) divided by 12 (months)

To change four-weekly to monthly figures

Four-weekly x 13 (payments) divided by 12 (months)

Get advice

Useful tips are included in some sections of the budget to help you complete it. If you need extra help or want to discuss your situation, get advice from a money adviser. To find a **free** money adviser, use the Money Advice Service's Debt Advice Locator. Go to **www.moneyadviceservice.org.uk/debt-advice-locator** or call **0800 138 7777**.

Notes

A **Notes** section is included at the end of each section of the budget. Use this to explain spending or circumstances that are not covered by the budget.

If you have a money adviser, you can also use this space to list any questions that you want to discuss with them.

Declaration - I declare the following information to be an accurate record of my financial situation.

Signature:

Date:

Your personal and household details

Type of budget

☐

Sole budget

☐

Joint budget

You will need to decide who you are going to include in your budget. If you live with a partner and are dealing with your debts together, you would usually complete a **joint** budget. If you are unsure whether to do a **sole** or **joint** budget, get further advice.

Your name:

Partner's name:

Fill in this section if you are doing a **joint** budget.

Your date of birth:

Partner's date of birth:

Fill in this section if you are doing a **joint** budget.

Your address:

Your employment

☐

Full-time

☐

Part-time

☐

Unemployed

☐

Not working due to illness/disability

☐

Self-employed

☐

Retired

☐

Carer

☐

Student

☐

Other

Tick all boxes that apply to you.

Partner's employment

☐

Full-time

☐

Part-time

☐

Unemployed

☐

Not working due to illness/disability

☐

Self-employed

☐

Retired

☐

Carer

☐

Student

☐

Other

If you are completing a **joint** budget, tick all boxes that apply to your partner.

Your accommodation

☐

Owner

☐

Mortgage

☐

Tenant - private

☐

Tenant - social

☐

Living with parents

☐

Other

Number of dependent children

Under 16

Aged 16-18

A dependent child lives with you and is either pre-school or in full-time education. If any children live with you for part of the week, explain this in the **Notes** section and say whether you have included them in the total number of dependent children.

Number of other dependants

This is someone who is not a child but who is financially dependent on you. For example, an adult who is out of work and is not entitled to claim any benefits.

Number of non-dependants

Non-dependants are adults who live with you but who can support themselves financially. For example, a grown-up child who is working or a lodger who pays to rent a room.

Total number in household

This includes everyone in the household: you, your partner, any dependent children, other dependants and non-dependants.

Number of vehicles in the household

Include the total number of vehicles you and members of your household use. Don't forget to include vehicles that you pay for through a hire or hire-purchase agreement. If you need more than one vehicle, explain why in the **Notes** section.

Assets

☐

Confirm that you have considered the use of any assets to make lump-sum payments to your debts.

Assets are things like savings or the value of property, such as your home or car. Creditors will not usually expect you to sell these to pay off your debts, but it is a good idea to show that you have at least considered whether this is an option. Tick the box to show creditors that you have considered this.

Notes

Add any information that you want your creditors to be aware of about **Your personal and household details**.

Your monthly income

Include all types of income coming into your household. If you live with your partner and you are not dealing with your debts together, get advice about completing this section. If any of your income is paid weekly, fortnightly or four-weekly, you will need to change the figures to monthly. The **Instructions** on page 1 show you how to do this.

Earnings

Include normal take-home pay. This means your wages and salary **after deductions for tax, National Insurance, pension contributions and anything else taken from your wages**. Only include overtime payments if you receive these on a regular basis. If you (or your partner if you are doing a **joint** budget) are having money deducted from your wages to pay a debt, **get advice** about completing this section.

	£ Monthly amount
Your salary or wages (take-home pay)	
Your partner's salary or wages (take-home pay)	
Other earnings (including self-employment)	
If you are self-employed, include the income that you take from your business. This should be based on what the business can afford to pay you after you have put aside your ongoing tax and National Insurance contributions. Business Debtline has a business budget tool that can help you calculate this. Go to www.businessdebtline.org or call 0800 197 6026 for advice.	
Total monthly salary and wages	£ <div>Box 1</div>

Benefits and tax credits

If you (or your partner if you are doing a **joint** budget) are having money deducted from your benefits to pay a debt, such as rent or council tax arrears, **get advice** about completing this section.

	£ Monthly amount
Universal Credit	
Jobseeker's Allowance (income-based)	
Jobseeker's Allowance (contribution-based)	
Income Support	
Working Tax Credit	
Child Tax Credit	

Child Benefit

Employment and Support Allowance or Statutory Sick Pay

If you get Incapacity Benefit include it here.

Disability benefits

Include Disability Living Allowance (DLA), Attendance Allowance (AA) and Personal Independence Payment (PIP) here. Make sure you include any related costs under the **Adult care costs** and **Transport and travel** sections later on.

Carer's Allowance

Housing Benefit/Local Housing Allowance

Include your Housing Benefit/Local Housing Allowance as income here. Put your full rent amount in the **Your monthly outgoings - fixed costs** later on.

Council Tax Support or help with your rates in Northern Ireland

Other benefits and tax credits (such as maternity benefits)

Add any other benefits that you get here and include details in the **Notes** section.

Total monthly benefits and tax credits

£

Box 2

Pensions

£ Monthly amount

State Pension

Private or work pensions

Pension Credit

There are two parts to Pension Credit: Guaranteed Credit and Savings Credit. You may get one or both of these credits.

Other pension income

Add any other pensions that you get here and include details in the **Notes** section.

Total monthly pensions

£

Box 3

Other types of income

£ Monthly amount

Maintenance or child support

Borders or lodgers

Non-dependants' contributions

Include contributions from other adults who live with you and can support themselves financially, such as grown-up children and elderly relatives. Check that they are paying enough towards the household expenses and remember to include any extra housekeeping costs for them later on.

Student loans and grants

Other income

Add any other income that you get here, such as regular payments from an insurance policy because of illness or disability, and include details in the **Notes** section.

Total monthly other types of income

£

Box 4

Total of ALL monthly income = Boxes 1 + 2 + 3 + 4

£

Box 5

Notes

Add any information that you want your creditors to be aware of about **Your monthly income**.

Your monthly outgoings - fixed costs

Include all your outgoings. If you live with a partner and you are not dealing with your debts together, get advice before completing this section. Do NOT include any arrears or missed payments in this section. You will be asked to include them in later sections.

£ Monthly amount

Rent

Show your full rent payment here. Include any Housing Benefit or Local Housing Allowance you receive in the earlier **Your monthly income** section.

£ Box 6

Mortgage

Include your full mortgage payments here. If you have Support for Mortgage Interest paid directly to your mortgage lender, only include what is left for you to pay on your mortgage.

£ Box 7

Other secured loans

Check all your loan agreements to see if they are 'unsecured' or 'secured' on your home. If they are secured loans, treat them as fixed outgoings because lenders can ask the court for possession of your home if you do not pay your monthly instalments.

£ Box 8

Council tax/rates in Northern Ireland

If you live in Scotland, unless you have a water meter, your council tax will also include your water charges.

£ Box 9

Other home and contents

£ Monthly amount

Ground rent and service charges (factor fees if you live in Scotland)

Mortgage endowment

If you have an interest-only mortgage, you may also pay towards a mortgage endowment policy. The policy pays off some, or all, of the money that would still be owed when your mortgage ends.

Appliance and furniture rental

Include payments for any goods that you rent, or have bought on hire purchase or conditional sale. This may be for domestic appliances or furniture. Do not include payments for a vehicle as they are included in the **Transport and travel** section later on.

TV licence

Total monthly other home and contents costs

£ Box 10

£ Monthly amount

Gas

If you are on a regular payment plan for your gas, include the usual amount you are paying. If not, work out an average of your monthly costs.

£ Box 11

Electricity

If you are on a regular payment plan for your electricity, include the usual amount you are paying. If not, work out an average of your monthly costs.

£ Box 12

Other utility costs (such as coal, oil, calor gas)

Do not include costs for phones, internet or TV packages in this section. These are included in **Communications and leisure** later on.

£ Box 13

Water

Depending on where you live, you may receive separate bills for your water supply and water waste. If you live in Scotland, unless you have a water meter, your water bill will be included in your council tax.

£ Monthly amount

Water supply

Water waste (sewerage)

Other water costs

Total monthly water costs

£ Box 14

Care and health costs

£ Monthly amount

Childcare costs

This might include fees for a childminder or nursery. Do not add the cost of after-school clubs here as they are listed under the **School costs** section later on. If you have extra costs because your child is ill or disabled, put them here.

Adult care costs

Include any extra costs you have if you, or your partner, are ill or disabled.

Child maintenance or child support

This is maintenance that you, or your partner, pay to someone else. Include voluntary payments, any payments ordered by the court, the Child Support Agency (CSA) or the Child Maintenance Service (CMS).

Prescriptions and medicine

Dentistry and opticians

Don't forget the cost of dental treatment, glasses and sight tests for the whole household.

Other care and health costs

Total monthly care and health costs

£ Box 15

Transport and travel

£ Monthly amount

Public transport (for work, school and shopping)

Hire-purchase or conditional-sale vehicle

Include payments for any vehicle you are buying on hire purchase, personal contract purchase or conditional sale, as well as any vehicles that you hire on a regular basis.

Car insurance

Road tax

MOT and ongoing maintenance

Breakdown cover

Fuel, parking and toll road charges

Other transport and travel costs (including taxis)

You may have other vehicle costs that you have not listed, such as for taxis, lifts from friends and family, bicycles or motorcycles. You could have extra costs because of a disability or living in a rural area. Explain this in the **Notes** section.

Total monthly transport and travel costs

£ Box 16

School costs

£ Monthly amount

School uniform

After-school clubs and school trips

Other school costs

If you have other school costs not already listed, include them here. Do not add the cost of school meals as these are listed under the **Food and housekeeping** section later on.

Total monthly school costs

£ Box 17

Pensions and insurances

£ Monthly amount

Pension payments

Only include what you actually pay into your pension yourself. Do not include any payments that have already been taken out of your wages by your employer.

Life insurance

Mortgage payment protection insurance

This covers your mortgage repayments for a fixed time if you are sick, had an accident or have been made redundant.

Buildings and contents insurance

Health insurance (medical, accident or dental)

Other pension and insurance costs

Total monthly pensions and insurance costs

£ Box 18

Professional costs

£ Monthly amount

Professional courses

These are payments for courses that you must attend to keep your job or profession.

Union fees

Professional fees

Other professional costs

Include any other compulsory payments you have to make in your job or profession.

Total monthly professional costs

£ Box 19

Other essential costs

£ Monthly amount

Magistrates' court or sheriff court fines

Add details here, if you, or your partner, have been ordered to pay a magistrates' court or sheriff court fine by instalments and have not missed a payment. If payments are being taken from a salary or benefits, **get advice**.

Other essential costs

Total monthly other essential costs

£ Box 20

**Total monthly outgoings - fixed costs = Boxes 6 + 7 + 8 + 9 + 10 + 11
+ 12 + 13 + 14 + 15 + 16 + 17 + 18 + 19 + 20**

£ Box 21

Notes

Add any information that you want your creditors to be aware of about **Your monthly outgoings - fixed costs**.

Your monthly outgoings - flexible costs

Include all your outgoings. If you live with a partner and you are not dealing with your debts together, get advice before completing this section. Do NOT include any arrears or missed payments in this section. You will be asked to include them in later sections.

Communications and leisure

£ Monthly amount

Home phone, internet, TV package (including film subscriptions)

Mobile phone

Include all the mobile phone costs you have to pay for in the household.

Hobbies, leisure or sport (such as socialising, eating out, outings, clubs and leisure courses)

Gifts (such as birthdays, festivals, charity donations)

Pocket money

Newspapers, magazines, stationery and postage

Other communication and leisure costs

Add details of any other costs in the **Notes** section.

Total monthly communication and leisure costs

£

Box 22

Food and housekeeping

£ Monthly amount

Groceries (including food, pet food, non-alcoholic drinks and cleaning products)

Nappies and baby items

School meals and meals at work

Laundry and dry cleaning

Alcohol

If you need to cut back on your spending, this is an area that you might look at.

Smoking products

If you need to cut back on your spending, this is an area that you might look at.

Vet bills and pet insurance

House repairs and maintenance

Include routine house repairs, repairs to washing machines, maintenance contracts and so on.

Other food and housekeeping costs

Add details of any other costs in the **Notes** section.

Total monthly food and housekeeping costs

£

Box 23

Personal costs

£ Monthly amount

Clothing and footwear

The amount you spend will depend on your circumstances. Include any costs for school uniforms in the earlier **School costs** section.

Hairdressing

Toiletries

Other personal costs

Add details of any other costs in the **Notes** section.

Total of monthly personal costs

£ Box 24

Total monthly outgoings - flexible costs = Boxes 22 + 23 + 24

£ Box 25

Notes

Add any information that you want your creditors to be aware of about **Your monthly outgoings - flexible costs**.

Your savings

You can include an amount towards savings in your budget. It is important to consider doing this as it could help you to deal with unexpected expenses, or save for larger value items.

☐ Tick to confirm that you have considered saving an amount each month.

£ Monthly amount

Savings amount

You can include an amount towards savings in your budget. This can be 10% or less of the money you have left over after paying your essential monthly outgoings (see Box 29) up to a maximum of £20 a month. For example, if you have £100 a month available you can save £10 a month. If you have £250 a month available you can save £20 a month. Use the **Your overview** section below to see what money you have left over after paying your essential monthly outgoings. You need to know this before you can decide how much to save.

Total monthly savings

£ Box 26

Your overview

Total of ALL monthly income = Box 5

£ Box 27

Total of ALL monthly outgoings = Boxes 21 + 25

£ Box 28

**Amount left over after essential monthly outgoings have been paid
= Box 27 - 28**

£ Box 29

Savings amount = Box 26

£ Box 30

Debt admin fee (if applicable)

£ Box 31

Only include an amount if you are using an agency and they have included a debt admin fee in the **Agency information** section at the start of the budget. **If you are paying a debt admin fee, get advice as you may be able to get a similar service for free.**

Amount left over for your creditors = Box 29 - 30 - 31

£ Box 32

If you have nothing left over to pay your creditors, or your outgoings are more than your income, **get advice**. You will still have options.

Notes

Add any information that you want your creditors to be aware of about **Your overview**.

Priority debts

Priority creditor

£ Amount owed

£ Agreed monthly payment (if applicable)

400

35

Total payments to **priority** debts

£ Box 33

Page 12

Non-priority debts

Non-priority debts are dealt with last because these creditors have less power to make you pay. Your possessions and essential services are not directly at risk. Examples of non-priority debts include: unsecured loans, credit cards and overdrafts, catalogues and doorstep loans. Water is also a non-priority debt, unless you live in Scotland and it is being collected with your council tax. **If you are unsure whether a debt is a non-priority, get advice.**

If you have a county court judgment or decree and are behind with payments, **get advice**. In Northern Ireland county court judgments are collected by the Enforcement of Judgments Office.

If you have already agreed a repayment amount with your non-priority creditor, enter this in the **Agreed monthly payment (if applicable)** box.

[illegible]

Total amount owed to **non-priority** debts

£ Box 34

Total payments to **non-priority** debts

£ Box 35

If you need more space to add debts, you can do this on a separate sheet of paper.

Notes

Add any information that you want your creditors to be aware of about **Your debts**.

Priority debts table

Type of debt

Some of the possible actions that creditors could take if you are behind with payments

Mortgage arrears

Repossess your home.

Secured loan and secured overdraft arrears

Repossess your home.

Rent arrears

Evict you from your home.

Council tax arrears (in Scotland this includes any water charges collected with the council tax bill)

Use bailiffs (also known as enforcement agents) or a sheriff officer, or make deductions from your wages or benefits.
In England and Wales, imprisonment is sometimes also possible.

Rates arrears (Northern Ireland only)

Petition for your bankruptcy.

Gas or electricity arrears

Cut off your supply.

Magistrates' court fine arrears

Use of bailiffs (also known as enforcement agents), a deduction from your wages or benefits, clamping your vehicle or imprisonment.

Sheriff court fine arrears (Scotland only)

Deductions from some benefits or wages, freezing your bank account, a supervised attendance order, taking your vehicle or imprisonment.

Child maintenance arrears (this will depend on how and by whom your child maintenance was arranged)

Possible action could include the use of bailiffs (also known as enforcement agents), a deduction from your wages or benefits, a deduction from your bank account or court action. In some cases, your driving licence could be taken away or you could be sent to prison.

Benefit overpayments

Deductions from most types of benefits or from your wages and court action.

Tax credit overpayments

Deductions from your wages, ongoing tax credit or Universal Credit awards, through your tax payments or court action.
In England and Wales, deductions can also be made directly from your bank account in some cases.

Income tax, National Insurance and VAT arrears

Use of bailiffs (also known as enforcement agents) or bankruptcy. In England and Wales, deductions can also be made directly from your bank account in some cases.

Hire-purchase or conditional-sale arrears

Repossess the goods or get a court order to make you hand them back.

TV licence arrears

Magistrates' court fine or sheriff court fine (see above sections for information about what this can mean).

Please note that bailiffs (also known as enforcement agents) cannot collect debts in Northern Ireland.

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**CABINET
28 JANUARY 2020**

***PART 1 – PUBLIC DOCUMENT**

TITLE OF REPORT: COUNCIL TAX PREMIUMS & DISCOUNTS ON EMPTY PROPERTIES

REPORT OF THE SERVICE DIRECTOR - CUSTOMERS

EXECUTIVE MEMBER: COUNCILLOR IAN ALBERT

COUNCIL PRIORITY: BUILD THRIVING & RESILIENT COMMUNITIES

1. EXECUTIVE SUMMARY

- 1.1 To consider whether to increase Council Tax Premiums payable and extend the discount period on empty properties

2. RECOMMENDATIONS

- 2.1. That in accordance with Section 11B of the Local Government Finance Act 1992 as amended by Section 2 of the Rating (Properties in Common Occupation) & Council Tax (Empty Dwellings) Act 2018, Cabinet indicates which of the approaches outlined within the report should be adopted. Either;
- 2.1.1 That from 1 April 2020 a 100% Premium is levied on properties empty for more than two years and a 200% Premium is levied on properties empty for more than five years and that from 1 April 2021 a 300% Premium is levied on properties empty for more than ten years or;
- 2.1.2 That from 1 April 2020 a 100% Premium is levied on all properties empty for more than two years or;
- 2.1.3 That no changes be made and the existing 50% Premium for all properties empty for more than two years is retained
- 2.2 That Cabinet agrees that under Section 11A of the Local Government Finance Act 1992, amended by Section 11 of the Local Government Finance Act 2012, the Council creates a locally defined Council Tax Discount of 100% for the first fifty-six days that a property is unoccupied and substantially unfurnished and does not fall into any Council Tax Exemption Class, and zero % for any period after fifty-six days.

3. REASONS FOR RECOMMENDATIONS

- 3.1. To support the principle of getting unoccupied properties back into occupation whilst also considering the implications of collection. Note that recommendation 2.1.2 is favoured by the Executive and Deputy Executive Members.
- 3.2 To provide more time to turn around empty properties and reduce the number of small value Council Tax bills produced.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. These are considered as part of this report.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 The Executive & Deputy Executive Members for Finance & IT have been consulted on the proposals.
- 5.2 Customers who are currently directly affected by the considerations relating to Council Tax Premiums have been consulted and their views are discussed in the report and listed at Appendix 1.
- 5.3 The recommendation relating to the discount on empty properties has resulted from representations made by several landlords.

6. FORWARD PLAN

- 6.1 This report contains a recommendation on a key Executive decision that was first notified to the public in the Forward Plan on the 6 December 2019.

7. BACKGROUND

- 7.1 In October 2011 the then Department for Communities and Local Government (DCLG) consulted on proposals for a number of technical changes to Council Tax, primarily aimed at giving more discretion to Billing Authorities on how they may treat empty properties in terms of Discounts that can be awarded. The Government's policy intention was to encourage owners to bring more empty homes back into occupation.
- 7.2 As a result of this consultation Sections 11A and 11B of the Local Government Finance Act 1992, were amended by the Local Government Finance Act 2012, giving billing authorities new powers to determine further discounts for prescribed dwellings and set higher amounts for long term empty properties.
- 7.3 At its meeting on 11 December 2012, Cabinet agreed the following changes:
- create a locally defined Council Tax Discount of zero % for unoccupied properties, which are uninhabitable due to undergoing structural repair. The intention of this was to encourage owners of properties requiring extensive works to complete these and bring the property back into occupation
 - create a locally defined Council Tax Discount of 100% for the first twenty-eight days that a property is unoccupied and substantially unfurnished and does not fall into any Council Tax Exemption Class, and zero % for any period after twenty-eight days. Again the intention was to encourage owners to bring empty properties into occupation quickly, whilst acknowledging that there could be some void period between occupants
 - continue to award a 10% Discount for Council Tax liability for second homes
 - to increase the amount of Council Tax payable by 50% for properties that previously fell under Exemption Classes A & C and which have been unoccupied for more than two years. Similarly, the intention was to encourage owners of longer term empty properties to bring these into occupation

- 7.4 These changes were applied from 1 April 2013 and have remained unchanged since.
- 7.5 The legislation in 7.2 above gave Councils the power to charge a Council Tax premium of up to 50% on properties that have been empty for more than two years and as explained in 7.3, the Council exercised that power from 1 April 2013.

8. RELEVANT CONSIDERATIONS

- 8.1. New legislation has now been introduced giving Councils powers to charge higher premiums for longer term empty properties as follows:
- From 1 April 2019 up to 100% for properties empty more than two years
 - From 1 April 2020 up to 200% for properties empty more than five years
 - From 1 April 2021 up to 300% for properties empty more than ten years
- 8.2 The policy intention is to give powers to Councils to encourage owners of long term empty properties to bring these back into occupation.
- 8.3 As explained at 7.3, the Council at the moment awards a 100% discount (i.e. no Council Tax is payable) for a period of twenty-eight days when a property becomes empty to allow time for changes in occupation. From the twenty-ninth day, 100% of the Council Tax becomes due.

Council Tax Premiums

- 8.4 The Council currently charges an additional 50% in respect of properties that have been unoccupied for more than two years. The properties in question do change from time-to-time as some may go back into occupation and others exceed the two year period, therefore any comparisons can only be made from a snap shot in time.
- 8.5 Table 1 shows the number of properties empty for over two years when the Tax Base Return was submitted to the Ministry of Housing, Communities & Local Government (MHCLG) in October of each year since the measure was introduced.

Table 1

Year	Number of Properties
2013	70
2014	87
2015	92
2016	89
2017	99
2018	107
2019	109

- 8.6 The table shows that with the exception of one year (2016) the numbers have increased and there has been over a 50% increase in the number of properties empty over two years, between the change being introduced and the latest Council Tax Base Return. This would suggest that the policy intention of bringing these properties back into occupation is not being met.

- 8.7 The Council surveyed 103 owners of properties empty more than two years and has received responses relating to 21 properties. The responses can be summarised as follows:

Table 2

Reason	Number
Undergoing Renovation	10
Difficulty selling	4
Difficulty letting	1
Not meeting medical needs	1
Waiting planning permission	1
Potential regeneration	1
Waiting demolition	1
Possible Exemption to be applied	1
Now occupied	1

- 8.8 Whilst the response is only just over 20%, it does indicate that in the main there are good reasons why the properties remain empty and there are genuine efforts being made to get them back in occupation.
- 8.9 None of the responses would indicate intransigence towards moving to re-occupation.
- 8.10 The number of properties empty for more than two years will of course change frequently throughout a year as some properties become occupied and others reach the threshold. For the purposes of this report, a snap shot in time has been taken when the Council Tax Base Return to MHCLG was prepared. At that time, there were 109 properties empty more than two years as categorised in table 3 below.
- 8.11 Table 3 also shows the additional income that would be generated per annum based on the maximum level of premium that can be charged for each period of non-occupation. It should be noted that the 300% Premium for properties empty over ten years cannot be applied until 1 April 2021.

Table 3

Empty Period	Number of Properties	Additional Income £,000
2 – 5 years	70	89
5 – 10 years	25	76
Over 10 years	14	61
Total	109	226

- 8.12 Whilst the figure of an additional £226K seems attractive, it should be noted that the District Council's share of this is around 12.9% or £29K.

- 8.13 The existing premium of 50%, whilst not welcomed by those who have to pay it, has been generally accepted and of the 109 cases referred to above, only six are not paying regularly, although it has to be said that the arrears in these cases are quite large and difficult to collect. The Council is proposing to use charging orders to secure payment in the near future in these cases.
- 8.14 If the Council was to impose the additional premiums detailed at 8.1, it is likely to cause considerable collection difficulties in a number of instances. For example, one property, in Band G would see its Council Tax rise from £4,445.18 to £11,853.80 per annum. Whilst this is an extreme case, there would be 23 accounts that would have an increase in Council Tax of over £2,500 per annum on top of the expected annual increase. (equivalent to a Band F Council Tax).
- 8.15 Taking into consideration that a significant number of owners are renovating properties at their own expense to bring these back into occupation, it is likely to lengthen that process if the owner has to find substantial amounts of additional Council Tax each year, thereby defeating the intention of the policy change.
- 8.16 Members may wish to consider a compromise and charge a premium of 100% on all properties empty for more than two years. The financial implications in terms of additional revenue would be:

Table 4

Empty Period	Number of Properties	Additional Income £,000
2 – 5 years	70	89
5 – 10 years	25	25
Over 10 years	14	13
Total	109	127

- 8.17 The Council's share of the additional Council Tax raised would be £16K.
- 8.18 This option would show the Council's intention to support bringing empty properties back into occupation, whilst not imposing swingeing increases in Council Tax, which may prove difficult to collect and to justify to customers, many of whom will be making every effort to renovate these properties.
- 8.19 In the extreme example quoted in 8.16, the additional charge for the Band G property would be £1,481.73.

Discounts on Empty Homes

- 8.20 At its meeting on 12 December 2012, Cabinet decided to implement a discount from 1 April 2013 for empty properties of 100% for twenty-eight days. The full 100% charge would become due from the twenty-ninth day.
- 8.21 This does not apply to the majority of Registered Social Landlords such as settle and Howard Cottage as these are Registered Charities and different Council Tax legislation applies and allows Registered Charities an Exemption period of up to six months where no Council Tax is due on empty properties.

- 8.22 This twenty-eight day discount has however caused some difficulties for landlords in the private rented sector, in particular where the following may apply:
- Where properties are left in a poor state requiring extensive cleaning and repairs to make it habitable again
 - Where a tenant gives notice to terminate a lease and moves out before the end of the lease. For example, a tenant may give four weeks' notice and vacate after two weeks. In this case, the tenant would benefit from fourteen days of the discount period, leaving the landlord only fourteen days to turn the property around and re-let. The twenty-eight days applies only once for each unoccupied period.
- 8.23 In the full year 2018/2019, there were 128 properties that were empty for between 28 and 56 days with a further 373, which remained unoccupied for more than 56 days.
- 8.24 Extending the discount period to 56 days would have avoided the need to send out 128 bills for very small amounts of money, with an average bill of only £54.00. It would also have avoided the costs of recovery, which are often disproportionate for low value amounts.
- 8.25 The cost of extending the discount period to 56 days would have been £54K based on 2019/2020 Council Tax values.
- 8.26 Extending the discount period to 56 days would give landlords slightly more time to turn around their void properties and reduce the problem where tenants move out before the end of their tenancy.
- 8.27 The additional cost can be absorbed through the 1% non-collection allowance already built into the Council Tax Base.

9. LEGAL IMPLICATIONS

- 9.1. Section 5.6.1 of the Council's Constitution states:

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

- 9.2. Section 2 of the Rating (Properties in Common Occupation) & Council Tax (Empty Dwellings) Act 2018 amends Section 11B of the Local Government Finance Act 1992 with the provisions detailed in 8.1. This gives a Council the discretion to increase the Premiums payable on Empty Properties, if it so wishes.
- 9.3. The power to set the Discount period for Empty Properties was introduced by the Local Government Finance Act 2012, which amended Section 11A of the Local Government Finance Act 1992.
- 9.4. If any changes to the existing arrangements are agreed, these will need to be advertised in a local newspaper.

10. FINANCIAL IMPLICATIONS

10.1 The financial implications of these proposals have been covered above, however in summary they are:

- Based on a snap shot in time, implementation of the maximum Premiums detailed at 8.1 could bring in additional revenue of approximately £226K, £29K of which would be available to this Council
- An across the board application of a 100% Premium for all properties empty for more than two years could bring in additional revenue of approximately £127K, £16K of which would be available to this Council
- Based on the data available for the full year 2018/2019 and applying Council Tax levels in 2019/2020, the cost of extending the empty homes discount period from 28 days to 56 days would be £54K, which could be absorbed within the 1% allowance for non-collection

11. RISK IMPLICATIONS

11.1. With a few exceptions, the existing Premium of 50% is proving to be fairly easy to collect. Increasing the Premiums to the maximum allowable will result in some owners having significantly higher Council Tax bills. This is likely to cause resentment and could lead to difficulties in securing collection of the increased amounts.

11.2 This should be considered against the background that the survey carried out has indicated that most owners who replied are at least trying to bring their properties back into occupation and increased Council Tax burdens could in fact have an adverse effect on that policy intention.

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. Owners of long term empty properties come from a wide range of backgrounds and are not restricted to property owning landlords. In many instances, properties have been inherited in poor condition and the owners are making efforts to bring these up to an acceptable standard to bring them back into occupation with limited resources.

13. SOCIAL VALUE IMPLICATIONS

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

14. HUMAN RESOURCE IMPLICATIONS

14.1. There are no Human Resource implications in this report.

15. APPENDICES

15.1. Appendix 1 – Summary of consultation responses

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17. BACKGROUND PAPERS

- 17.1. Rating (Properties in Common Occupation) & Council Tax (Empty Dwellings) Act 2018

EMPTY HOMES CANVASS 2019

PROPERTY	REASONS UNABLE TO OCCUPY, SELL OR LET	WOULD REASON CHANGE IF LEVY INCREASED	CATEGORY
Property 1	Planning Applications in to sell once developed	will remain empty awaiting decisions anyway	Planning
Property 2	Been updating themselves; pensioner with health issues	Hoping to sell property shortly	Renovation
Property 3	Been on the market since April 2017; restrictions on sale - 55 & over	Open to suggestions on how to sell; would struggle to find extra money for increase	Difficulty selling
Property 4	Property inherited; family dispute; purchased share May 2019, currently renovating ready for occupation early 2020	Requested not to increase as would then reduce funds available to renovate	Renovation
Property 5	Planning to move in when current property sold; has had to have some work on; this would be a down size, but struggling to sell.	Taken longer than anticipated (Brexit); may consider short term let in January 2020	Difficulty selling
Property 6	Inherited from mother's sudden death; husband then diagnosed with cancer; property needs considerable updating	Would cause financial difficulties	Renovation
Property 7	Property derelict	No	Renovation
Property 8	Property derelict	No	Renovation
Property 9	Occupied now	Very unhappy; about society and the benefits seystem and vunlerability of private landlords when benefit not paid directly to LL.	Difficulty in letting
Property 10	Storing documents for deceased fathers business	Not able to deal with matters; needs renovating, on his own trying to deal with this.	Renovation
Property 11	Occupied		Occupied
Property 12	Work being carried out	Didn't answer	Renovation

Property 13	Tried to sell, fell through, planned to extend, let down by builder - underway now	Requested not to increase as struggling with own mortgage	Renovation
Property 14	Owns property; due to wifes deteriorating health cannot live in the property; stairs to get in to and two floors. Keeping property as in rented at present and it for own security reasons.	Would rather we didn't he is currently £720.00 pm down on outgoings and now using savings to survive.	Not suitable for medical needs
Property 15	Poor Health reasons; had to leave to give caring	Have a heart!	Exemption
Property 16	Has spent a considerable amount of money trying to renovate, builders have let him down. Building is listed; huge expense; large property	Would rather we didn't but property should be able to be sold shortly in to next FY	Renovation
Property 17	Been trying to sell for 2 years - Brexit	Didn't answer; just said trying to sell	Difficulty selling
Property 18	Currently on the market & used for family when they visit	Wants second home discount	Difficulty selling
Property 19	To be demolished		Waiting demolition
Property 20	Tied in with possible Churchgate regeneration		Possible regeneration
Property 21	Waiting for planning permission for renovation	Makes no difference, renovations will happen in Spring 2020	Renovation

**CABINET
28 JANUARY 2020**

***PART 1 – PUBLIC DOCUMENT**

TITLE OF REPORT: DRAFT DEVELOPER CONTRIBUTIONS SPD

REPORT OF THE SERVICE DIRECTOR - REGULATORY

EXECUTIVE MEMBER: EXECUTIVE MEMBER FOR PLANNING & TRANSPORT

CURRENT COUNCIL PRIORITY: ATTRACTIVE AND THRIVING / PROSPER AND PROTECT

NEW COUNCIL PRIORITY: RESPOND TO CHALLENGES TO THE ENVIRONMENT /
ENABLE AN ENTERPRISING AND CO-OPERATIVE ECONOMY / SUPPORT THE
DELIVERY OF GOOD QUALITY AND AFFORDABLE HOMES

1. EXECUTIVE SUMMARY

- 1.1 The Council is preparing a new Local Plan which will shape development in the District to 2031. To provide additional detail on planning policies and sites, the Council can produce Supplementary Planning Documents (SPD) to provide clarity to applicants and case officers when determining planning applications.
- 1.2 Cabinet has previously made decisions relating to (i) the nature of the SPDs that shall be produced to support the new Local Plan and (ii) the future approach to seeking developer contributions from new developments towards affordable housing, infrastructure and other matters.
- 1.3 The Developer Contributions SPD is the first of the proposed SPDs supporting the emerging Local Plan. Cabinet are asked to note the contents of the draft SPD and approve a six-week public consultation which will inform any final version of the document.

2. RECOMMENDATIONS

- 2.1. That the draft Developer Contributions SPD, attached as Appendix A to this report, be endorsed and approved for a six-week public consultation.
- 2.2. That Officers be instructed to conduct a review to consider the feasibility of introducing a Community Infrastructure Levy for residential sites of 10 units or less.

3. REASONS FOR RECOMMENDATIONS

- 3.1. To allow the Developer Contributions SPD to be progressed so that it may be (i) adopted at the same time as, or shortly after, any future decision to adopt the new Local Plan and (ii) taken into account in relevant planning decisions.
- 3.2. To determine whether there is scope to introduce a levy for small sites which are not normally subject to requests for contributions but which, collectively, result in additional burdens upon local infrastructure.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. The Council could retain the existing Planning Obligations SPD or delay consultation upon this draft. However, the current SPD dates from 2006 and is not reflective of the emerging Local Plan policies or national planning policy and guidance. Officers therefore consider it important that a revised SPD is prepared.
- 4.2. The Council could determine to produce a different suite of Supplementary Planning Documents to support the new Local Plan. This approach is not recommended for the reasons set out in the 25 July 2017 Cabinet report (see paragraph 17.1).
- 4.3. Officers have previously given consideration to alternate approaches to the collection of developer contributions, namely the potential to prepare and adopt a Community Infrastructure Levy (CIL) for the District. This approach was not recommended for proposed Local Plan sites for the reasons summarised below and set out in the 18 December 2018 Cabinet report (see paragraph 17.2).
- 4.4. Following a Hertfordshire-wide series of workshops held during 2019, officers now consider there is merit in exploring the scope to use CIL for smaller developments of 10 homes or less (see paragraph 7.8). At this time Officers have no particular grounds on which to recommend that the 18 December 2018 Cabinet resolution be overturned in order to pursue a Community Infrastructure Levy more broadly. However, Members may now wish to further consider this matter and instruct officers to explore CIL across a wider range of (or all) applications (see paragraphs 8.8 to 8.14) or await the outcome / anticipated financial receipts of the small developments CIL review.
- 4.5. Any of the above alternates would require new Cabinet resolutions to instruct officers and countermand the existing Cabinet resolutions on these matters. Any alternate decision would need to have regard to its consistency with the measures included in the Housing Delivery Test Action Plan which was approved for publication by Cabinet in June 2019 (see paragraph 7.9).

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1. The Executive Member for Planning and Transport has been briefed on the matters set out above.

- 5.2. All Members were invited to a workshop held on 13 February 2019 to discuss 'Making the most of developer contributions' and to feed back on current processes and issues to enable development of the new SPD. Two members of each Parish Council were invited to a planning training session on 27 February 2019 where the Council's proposed approach to developer contributions was explained and discussed.
- 5.3. Relevant officers across Council departments, Hertfordshire County Council and NHS England have been involved in developing the draft SPD.

6. FORWARD PLAN

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

7. BACKGROUND

- 7.1. Developer contributions can be used to make a development acceptable but should only be used where unacceptable impacts cannot be dealt with by planning conditions. Legal tests must be applied to any planning obligations sought, and this is outlined in Community Infrastructure Levy Regulations 2010 (as amended) and in paragraph 56 of the NPPF. Any contributions must be:
- a) necessary to make the development acceptable in planning terms;
 - b) directly related to the development; and
 - c) fairly and reasonably related in scale and kind to the development.
- 7.2. The National Planning Policy Framework (NPPF) defines Supplementary Planning Documents (SPDs) as documents which add further detail to the policies in the development plan. SPDs are capable of being a material consideration in planning decisions but are not part of the statutory Development Plan.
- 7.3. SPDs do not have the same status as the Development Plan (in North Hertfordshire's case, the Local Plan) and are not subject to an independent examination. However, SPDs have to undergo public consultation and are taken into account as material considerations in planning decisions.
- 7.4. A review of the Council's current planning guidance was undertaken in 2017 following submission of the proposed new Local Plan for examination. This identified that the Council's Planning Obligations Supplementary Planning Document (SPD) dating from 2006 should be prioritised for updating. This review of current Council planning guidance, and the identification of documents to be produced in the future, was considered and approved by Cabinet on 25th July 2017. Work on the SPDs since this time was delayed due to the ongoing nature of the Local Plan examination as an adopted SPD must relate to an adopted plan policy.

- 7.5. The Council has previously considered whether (some) contributions from new development might instead be secured by introducing a Community Infrastructure Levy (CIL). CIL effectively operates as a flat-rate 'tax' levied upon qualifying development based on the amount of floorspace being provided. It is collected on an authority-wide basis. CIL can be spent on any matters or projects defined by the Council on its 'Regulation 123' list. However, unlike site-specific legal agreements, there is no guarantee at the point of the planning decision that monies will be spent on any particular matter or project relating to that planning application.
- 7.6. In December 2018, Cabinet reaffirmed its resolution of 30th July 2013: "That a Community Infrastructure Levy for North Hertfordshire be not pursued for the time being", and that developer contributions would continue to be collected through the use of Section 106 legal agreements. In the Cabinet report it was also recommended that work would be expedited on the review and adoption of a revised Planning Obligations SPD to reflect the Governments' recent strengthening of viability matters in Planning Practice Guidance; and, to address the full range of potential contributions that might be sought through s106 in the absence of CIL.
- 7.7. Subsequent to that Cabinet decision, the Government has lifted pooling restrictions so that an unlimited number of Section 106 agreements can now be used to collect contributions towards a single infrastructure project. Pooling restrictions were in place between 2015 and 2019 and had meant that no more than five Section 106 contributions could be made towards any single infrastructure scheme. This had presented a notable barrier to the funding and delivery of infrastructure, particularly for larger projects.
- 7.8. During 2019, and following the above Cabinet decision, Council officers participated in a county-wide review in association with Hertfordshire County Council, the Planning Advisory Service (PAS) and the other nine district authorities. This process allowed officers to critically re-evaluate their position. This reaffirmed, in officers' view, that the use of Section 106 agreements is the best approach for the development strategy in the emerging local plan, where development is dispersed and (small groups of) sites can be reliant on the delivery of critical, locally specific infrastructure projects such as a school expansion. However, it did focus awareness of the cumulative infrastructure burden arising from the development of small residential sites of 10 units or less which are normally exempted from Section 106 requirements.
- 7.9. In June 2019, the Cabinet approved the Council's Housing Delivery Test Action Plan for publication. This contains a range of measures to boost the delivery of new homes in the District. The Action Plan reiterates this Council's intention to prepare a Developer Contributions SPD to be adopted alongside, or shortly after, any adoption of the new Local Plan.

8. RELEVANT CONSIDERATIONS

Draft Developer Contributions SPD

- 8.1. The emerging Local Plan contains a series of policies with implications for affordable housing and other infrastructure requirements, which will be secured via planning conditions or legal agreements. The main policy 'hook' that links to the ability for the Council to seek developer contributions is in emerging Local Plan Policy SP7: Infrastructure requirements and developer contributions.
- 8.2. To align the Council's approach to developer contributions with the emerging Local Plan policies and Government reforms to the CIL Regulations, work has been undertaken by Council officers to draft a new Developer Contributions SPD. The SPD will establish a framework for seeking contributions and will replace the current Planning Obligations SPD which dates from 2006.
- 8.3. The draft SPD has been informed by research on SPDs adopted by other local authorities relating to developer contributions, as well as liaison with relevant Council departments, Members, Hertfordshire County Council (HCC) and NHS England to better understand the most appropriate scope and content for the SPD.
- 8.4. It has also been critical to consider the scale of infrastructure that will be required to support the delivery of the Local Plan policies and development sites. In particular, the delivery of the Strategic Sites will be contingent on the use of Section 106 agreements to secure on-site infrastructure as well as mitigation measures.
- 8.5. The draft SPD is attached as Appendix A. The SPD is drafted based upon the current progress of the new Local Plan as it proceeds through Examination. Any significant changes to the Plan may lead to a requirement to update the draft SPD prior to its adoption. Compared to the Local Plan, there is far greater scope to amend a draft SPD in response to consultation responses and other matters prior to its adoption.
- 8.6. Subject to approval by Cabinet, the draft SPD will be made available for public consultation for a period of six weeks. This is longer than the statutory minimum of four weeks. However, this approach allows for consultation to be co-ordinated with the draft Statement of Community Involvement and Baldock, Bygrave and Clothall Neighbourhood Plan which are subject to separate reports to this meeting. It is proposed that consultation on all three documents will take place from Wednesday 12 February to Wednesday 25 March 2020. Any comments received will inform the final version of the SPD which would then be re-presented to Cabinet for approval and adoption at an appropriate time.

- 8.7. It is proposed to bring forward the draft SPD for consultation in advance of the Inspector's report on the new Local Plan for three main reasons:
- To seek the views of key stakeholders and the community upon the proposals developed to date;
 - So that the preparation of the SPD can be completed so as to allow for its adoption as close to any adoption of the new Local Plan as practicable; and
 - To enable use of the draft SPD as a material consideration in the negotiation and determination of planning applications, or in providing pre-application advice, at the earliest opportunity given the age of the current guidance.

Community Infrastructure Levy

- 8.8. As set out above, as a result of the PAS review work, officers now consider there is merit in assessing whether small sites might be asked to contribute towards infrastructure requirements. Sites of 10 homes or less are normally exempted from providing affordable housing or making other contributions through a legal agreement. However, they still create a demand for local services and infrastructure particularly when the cumulative impact of multiple small developments is considered.
- 8.9. Subject to approval by Cabinet, officers will consider the business case for introducing a small-sites CIL for the District. The review would consider the prospective benefits and costs of this approach. This would include, but is not necessarily limited to:
- Exploring the detailed legislative and regulatory requirements for producing, adopting and collecting CIL. This would include fully understanding the ability to set CIL thresholds in such a way as to capture small sites;
 - Identifying the quantum of development that might be captured by such a CIL (allowing for relevant exemptions);
 - Considering the level at which a CIL charge might be set having regard to viability and other relevant factors. It is notable that CIL examinations tend to take a precautionary approach. The recent examination in neighbouring Stevenage recommended CIL rates of between £40 and £100 per square metre of qualifying residential development whilst the evidence supporting our own Local Plan has consistently assumed that any future CIL for the District would be set at around £100 per square metre;
 - The potential CIL receipts that might be realised as a result of the above;
 - The potential timetable and administrative costs for producing a CIL up to the point of adoption;
 - The ongoing administrative processes and costs that would be required to support a CIL including calculation of CIL for individual sites, collection of receipts, enforcement and governance arrangements for its expenditure.
- 8.10. It is anticipated that the review would report back to Cabinet in the second half of 2020, however this timescale is dependant upon progress of the Local Plan and associated workloads.

- 8.11. Officers recognise there are potential benefits to introducing CIL more widely. These include the greater certainty provided to applicants, officers and community groups. By setting a flat-rate levy, CIL can reduce the requirement for lengthy negotiations on legal agreements. It also provides a guaranteed share of receipts to Parish Councils to be spent at their discretion rather than having to bid for specific projects in response to each individual planning application.
- 8.12. However, this needs to be balanced against a number of factors including the setup and ongoing costs to the Council of introducing CIL, the recent lifting of restrictive pooling limits on the collection and use of Section 106 legal agreements and the reduced certainty under a CIL regime that specific, and sometimes critical, local infrastructure projects will actually be delivered.
- 8.13. These factors informed the recommendation to Cabinet in December 2018. Notwithstanding the proposed approach to small sites above, officers have no particular grounds on which to now recommend that this decision is wholly reversed. However it is recognised that the joint administration may wish to widen the parameters of the review outlined in Paragraphs 8.8 and 8.9 above.
- 8.14. Even if a CIL for North Hertfordshire were eventually pursued more widely, there would still be a role for Section 106 legal agreements. They would still be required to secure affordable housing as well as contributions towards any matters not covered by a CIL. The largest proposed sites in the new Local Plan in particular would still be accompanied by a bespoke legal agreement. In this regard, it is necessary to maintain an up-to-date SPD on developer contributions in any event and any recommendation under 2.2 above would not undermine this.

9. LEGAL IMPLICATIONS

- 9.1. The statutory basis for Supplementary Planning Documents and their preparation is set out by a range of acts and associated regulations including the Planning and Compulsory Purchase Act 2004 (as amended) and the Localism Act 2011. Detailed requirements for the preparation of SPDs, including requirements for consultation, are stipulated in the Town and Country Planning (Local Planning) (England) Regulations 2012).
- 9.2. The provisions for planning obligations are set out under Section 106 of the Town and Country Planning Act 1990.
- 9.3. The process for introducing a Community Infrastructure Levy is set out in Section 211 of the Planning Act 2008 and a variety of accompanying regulations.

10. FINANCIAL IMPLICATIONS

- 10.1. The general costs of preparing Supplementary Planning Documents are met through existing revenue budgets.

- 10.2. It is proposed that the CIL review work would be undertaken in-house but that any specific consultancy support (e.g. on viability) could be met through an existing revenue budget for CIL/Planning Obligations.
- 10.3. Any future financial implications of introducing a CIL will be set out in any review directed under recommendation 2.2 above.

11. RISK IMPLICATIONS

- 11.1. There are no new risk implications arising from this report. Sustainable Development of the District and the Local Plan are both Cabinet Top Risks. However, as SPDs clarify policies which are subject to their own separate approval processes, this report is not considered to present a corporate risk in itself.
- 11.2. Nonetheless, the risks associated with not producing an updated Developer Contributions SPD include:
- lack of clarity and uncertainty to case officers and applicants when negotiating and determining planning applications;
 - lack of consistency with the emerging Local Plan as well as national planning policy and guidance; and
 - a risk of not securing the maximum range and / or amount of contributions possible within the parameters of the CIL regulations.

12. EQUALITIES IMPLICATIONS

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

13. SOCIAL VALUE IMPLICATIONS

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

14. HUMAN RESOURCE IMPLICATIONS

- 14.1. There are no new human resource implications arising from the contents of this report although the outcomes of any review directed under recommendation 2.2 of this report could have resource implications in the future.

15. APPENDICES

- 15.1. Appendix A – Draft Developer Contributions SPD

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17. BACKGROUND PAPERS

- 17.1 [Review of North Hertfordshire Planning Guidance report to Cabinet, 25 July 2017](#)
- 17.2 [Strategic Planning Matters report to Cabinet, 18 December 2018](#)
- 17.3 [Housing Delivery Test Action Plan report to Cabinet, 11 June 2019](#)
- 17.4 [Local Plan Viability Assessment Update, August 2016](#) (Local Plan reference TI2)
- 17.5 [NHDC Viability Addendum, February 2018](#) (Local Plan reference ED72)

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***Developer Contributions Supplementary
Planning Document***

Draft

January 2020

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Note

This draft Supplementary Planning Document (SPD) has been written on the assumption that the emerging Local Plan will be adopted, incorporating the proposed Main Modifications. It also anticipates that Hertfordshire County Council's Guide to Developer Infrastructure Contributions document, recently consulted upon in draft form, will be published. The Council will monitor progress on these matters and will reflect any changes as necessary in any future iterations of this document.

References to the Local Plan in this version of the SPD are to the Plan as proposed to be modified. Should the Plan proceed to adoption some paragraphs, policies and / or criteria in any final version of the Plan may have different numbers or notations to those shown in this document.

1 INTRODUCTION

1.1 Overview

- 1.1.1 North Hertfordshire District Council (NHDC) is committed to ensuring that the necessary infrastructure, services and facilities are provided to support growth and development in the District.
- 1.1.2 This Supplementary Planning Document (SPD) sets out detailed guidance on the type and scale of developer contributions that will be sought to support new development in our area.
- 1.1.3 The aim of the document is to assist Council Officers, applicants, agents and Members through the planning application process in a fair, transparent and consistent way.

1.2 Background and status of the SPD

- 1.2.1 This document has been produced by North Hertfordshire District Council to provide further information on requirements set out in our next Local Plan. In particular, it expands upon proposed Local Plan Policy SP7: Infrastructure Requirements and Developer Contributions.
- 1.2.2 This draft SPD will be widely consulted upon, including with developers and members of the public, before a final document is produced.
- 1.2.3 This SPD will be a material consideration when determining planning applications in the District and will be used when securing obligations, whether by Section 106 agreements or unilateral undertakings.

1.3 Legislative context

- 1.3.1 SPDs are documents which add further details to policies in a Local Plan. They can be used to provide further guidance on particular issues, but they cannot introduce new policies. SPDs are a form of Local Development Document produced under the 2004 Planning and Compulsory Purchase Act (as amended). Government regulations set out the requirements for producing SPDs¹.
- 1.3.2 Section 106 of the Town and Country Planning Act 1990 allows local planning authorities to enter into agreements with persons with an interest in land. These agreements can be used (but are not necessarily limited) to:
 - Restrict the development or use of the land;
 - Require (parts of) the land to be used in a specific way;
 - Require the payment of a sum to the local authority.

¹ The Town and Country Planning (Local Planning) (England) Regulations 2012

1.3.3 The Community Infrastructure Levy Regulations 2010 (as amended) set out the requirements that planning obligations must fulfil. Planning obligations can only be used:

- To make the development acceptable in planning terms
- Where they are directly related to the development; and
- Are fairly and reasonably related in scale and kind to the development.

1.3.4 Paragraph: 4, reference ID: 23b-004-20190901 of the planning practice guidance on planning obligations makes clear that it is not appropriate for plan-makers to set out new formulaic approaches to planning obligations in supplementary planning documents or supporting evidence base documents, as these would not be subject to examination. Whether or not an obligation meets this test will be assessed on a case by case basis considering the project, harm or stress added to such facilities (in the round) from the development proposed, and considering the residual S106 figures arising from the viability evidence supporting the Local Plan².

1.3.5 The pooling limits previously imposed by regulation 123 of the above Regulations have been omitted by way of regulation 11 of The Community Infrastructure Levy (Amendment) (England) (No. 2) Regulations 2019. This omission now allows more than five obligations to fund a single infrastructure project.

1.4 National policy context

1.4.1 The National Planning Policy Framework (NPPF) says that Local Plans should set out the contributions expected from development. This should include the levels and types of affordable housing and other infrastructure requirements. These policies should not undermine the deliverability of the plan³.

1.4.2 Local Planning authorities should consider whether otherwise unacceptable development can be made acceptable through the use of conditions or planning obligations. Planning obligations should only be used where it is not possible to address unacceptable impacts through a planning condition⁴.

1.4.3 Where up-to-date policies set out the contributions expected from development, planning applications that comply with them should be assumed to be viable⁵.

1.4.4 The Government has already introduced changes by reforming the approach to viability, which is set out in the revised National Planning Policy Framework and in associated national planning practice guidance. This new approach ensures that local plans clearly set out the contributions that developers are expected to make towards infrastructure and affordable housing; introduces a standard approach to

² DSP – North Hertfordshire District Council – Local Plan Viability Assessment – Update – Final Report (August 2016); DSP – North Hertfordshire District Council – Local Plan Examination Addendum (Viability) (Proposed policies HS4 and HS5) (January 2018)

³ NPPF Paragraph 34

⁴ NPPF Paragraph 54

⁵ NPPF Paragraph 57

establishing land value; and increases transparency and accountability through the publication of viability assessments and through improvements to the monitoring and reporting of Section 106 planning obligations⁶.

1.5 The Local Plan and Neighbourhood Plans

- 1.5.1 The North Hertfordshire District Council Local Plan was submitted to the Secretary of State in June 2017 for Examination in Public. The initial hearing sessions for the Examination concluded in March 2018. Proposed Main Modifications were issued in November 2018 and consulted upon between January and April 2019. Following review and consideration of representations made in response to the draft Main Modifications, the Inspector wrote to the Council setting out the next stages of the examination in July 2019 with additional questions in a further letter sent by the Inspector in August 2019. The Council have responded to both letters, in November and December 2019. Further hearings are expected following the Inspectors response in regards to matters, issues and questions for additional hearing sessions expected in late January.
- 1.5.2 Emerging policy SP7 of the Local Plan provides the main policy ‘hook’ for this SPD while other Local Plan policies have further requirements for developer contributions. Policy SP7 (as proposed to be modified) is shown on the following page. This document has been structured to broadly follow the chapters and topics set out in the emerging Plan.
- 1.5.3 Developer contributions may also be required by policies set out in Neighbourhood Plans and applicants should have regard to such policies when formulating development proposals.
- 1.5.4 Should the new Local Plan not proceed for any reason or be subject to substantial delay, the Council will determine the most appropriate way forward. In particular, it will give consideration as to whether it is practicable for this SPD to be adopted in support of Saved Policy 51: Development Effects and Planning Gain of the District Plan No.2 with Alterations as an interim or transitional measure.

1.6 Developer contributions, planning obligations, S106 and Community Infrastructure Levy (CIL)

- 1.6.1 Developer contributions are normally secured through planning obligation agreements under Section 106 of the Town and Country Planning Act 1990.
- 1.6.2 The terms ‘developer contributions’, ‘planning obligations’ and ‘Section 106’ (s106) are used interchangeably but generally refer to the same things. Agreements may be used to ensure that the impacts arising as a result of a new development can be addressed. They are also a valuable way of ensuring that a development complies with planning policies contained in the Local Plan and any Neighbourhood Plans.

⁶ <https://www.gov.uk/guidance/viability>, accessed May 2019

- 1.6.3 Planning obligations may be set out in a Section 106 agreement between the Council and the developer (and any other relevant parties) or in a unilateral undertaking offered by the developer. Section 106 agreements and unilateral undertakings are individual, scheme-specific, legal documents. Such agreements or undertakings can contain a number of planning covenants which can relate to both financial and non-financial obligations.
- 1.6.4 This document and the guidance contained within will remain a material planning consideration in the assessment of future development management applications if a CIL is subsequently adopted. Whilst some elements of this document may be superseded by any future CIL, this guidance will remain relevant and some form of legal agreement will still be required to secure affordable housing provision, on-site infrastructure delivery and/or any site specific obligation which falls outside of any future adopted CIL. In the case of adoption of CIL in the future, legal agreements securing obligations will work alongside CIL for the above reasons in a hybrid fashion.

1.7 Sustainability Appraisal

- 1.7.1 This draft SPD has been reviewed against the European Directive relating to Strategic Environmental Assessments 2001/42/EC. This scoping exercise has shown that this draft SPD does not require an SEA to be undertaken. To the extent that applies, this document shall be reviewed against any replacement legislation related to Brexit arrangements⁷.

⁷ <https://www.gov.uk/eu-withdrawal-act-2018-statutory-instruments/the-environmental-assessments-and-miscellaneous-planning-amendment-eu-exit-regulations-2018>

Policy SP7: Infrastructure requirements and developer contributions

The Council will require development proposals to make provision for infrastructure that is necessary in order to accommodate additional demands resulting from the development. We will:

- a. Require developers to provide, finance and / or contribute towards provision which is fairly and reasonably related in scale and kind to the development, including:
 - i. On-site and/or off-site improvements and infrastructure necessary as a result of the development in order to:
 - ensure appropriate provision of facilities and infrastructure for new residents;
 - **contribute toward** ~~help-addressing~~ cumulative impacts that might arise across multiple developments;
 - avoid placing unreasonable additional burdens on the existing community or existing infrastructure;
 - mitigate ~~any~~ adverse impacts **where appropriate**; and/or
 - enhance critical assets or make good their loss or damage; and
 - ii. Maintenance and/or operating costs of any such new provision;
- b. Ensure **essential** new infrastructure to support new development is **will be** operational no later than the completion of development or **during the** phase in which it is needed, **whichever is earliest** ~~unless otherwise agreed with relevant providers~~;
- c. Refuse planning permission where appropriate agreements or processes ensuring criteria (a) and (b) can be met are not in place;
- d. Have regard to ~~any~~ **relevant national** guidance or requirements in relation to planning obligations and any Community Infrastructure Levy **or successor funding tariff** which may be introduced **by the Council**;
- e. Work with landowners, developers and other agencies in facilitating the delivery of sites identified in the Local Plan **and associated infrastructure** and seek to overcome known obstacles; and
- f. ~~Take a stringent approach~~ **Need robust evidence to be provided** where developers consider that viability issues impact **upon** the delivery of key infrastructure and/or mitigation measures. **This evidence will be used to determine whether an appropriate and acceptable level of contribution and / or mitigation can be secured.**

1.8 Cross-boundary issues

- 1.8.1 There may be instances where the impacts of development that lie within other local authority areas may affect areas within the District. When notified of developments that could potentially have an effect on the delivery of services by North Hertfordshire District Council, the authority will discuss these with the relevant local authority and seek obligations from the developer accordingly. In these cases, the Council would expect a clause enabling money to be transferred for spending in the District if necessary.
- 1.8.2 The Council will make reciprocal arrangements to those set out above should a development falling within the North Hertfordshire administrative boundary have cross-boundary impacts affecting another authority area(s).
- 1.8.3 The above approaches will also apply, having regard to the general principles in this document, in relation to any Nationally Significant Infrastructure projects (NSIPs) in or affecting the District.

1.9 Other providers that may seek S106 contributions

- 1.9.1 A range of infrastructure providers may seek contributions from new development. This includes, but is not limited to, Hertfordshire County Council, the NHS and local Parish, Town or Community Councils. These are indicated under the relevant topic areas below.
- 1.9.2 These providers may also be signatories to the s106 agreement. The decision to make any other provider a signatory will be based on the level of financial contribution sought by the other provider. For clarity, any financial contribution to be made to a provider other than North Hertfordshire District Council in excess of £150,000 will usually require the other provider to be a signatory to the Section 106 agreement.

1.10 Infrastructure Planning and Funding

- 1.10.1 An Infrastructure Delivery Plan (IDP)⁸ is part of the Local Plan evidence base and sets out the requirements for infrastructure over the plan period. The IDP will need to be updated over time to take into account the infrastructure needs of the District, including any updating of costs that is required.
- 1.10.2 The IDP examines the supply and demand for infrastructure based on forecasts of population growth.
- 1.10.3 Individual Council departments have priority projects that are set out in relevant strategies and action plans. These are identified under specific topics elsewhere in this SPD. Applicants should also have regard to other plans and strategies prepared by other service providers.

⁸ Infrastructure Delivery Plan to support the North Hertfordshire Local Plan 2011-2031 (2016) - <https://www.north-herts.gov.uk/files/ti1-infrastructure-delivery-planpdf>

- 1.10.4 In addition to updating the IDP, Annual Infrastructure Funding Statements are a requirement of Regulation 121A of the Community Infrastructure Levy Regulations 2010 as amended by Regulation 9 of the Community Infrastructure Levy (Amendment) (England) (No. 2) Regulations 2019.

1.11 Strategic sites

- 1.11.1 The Local Plan identifies six Strategic Sites, for which there are detailed policies. For these sites a masterplan should be provided for the whole allocation to ensure that infrastructure provision fully reflects the demands arising from development. The Strategic Sites are:

- Policy SP14: Site BA1 – North of Baldock
- Policy SP15: Site LG1 – North of Letchworth Garden City
- Policy SP16: Site NS1 - North of Stevenage
- Policy SP17: Site HT1 - Highover Farm, Hitchin
- Policy SP18: Site GA2 - Land off Mendip Way, Great Ashby
- Policy SP19: Sites EL1, EL2 & EL3 East of Luton

- 1.11.2 The Strategic Sites will need to address any specific contribution requirements set out in their individual policies, in the Plan as a whole and in this document. Developers should be aware that obligations may be required to secure details outside of the scope of this document, such as securing a masterplan, final location and use splits of local neighbourhood centres, or management plans for the maintenance and sustainability of any new neighbourhood centres required as a result of the development.

1.12 Nationally Significant Infrastructure Projects (NSIPs)

- 1.12.1 Since the production of the Local Plan, work to expand Luton Airport has commenced. The District Council has been involved in ongoing engagement regarding this project. The project has been registered with the National Infrastructure Commission and a Development Consent Order is anticipated in 2020. The expansion of Luton Airport and any further NSIPs will be dealt with by the Planning Inspectorate, as set out in the Planning Act 2008.
- 1.12.2 The Council may seek appropriate contributions from any part of any NSIP in or affecting the District in line with the advice and principles in this document.

2 PROCESS, PROCEDURE & MANAGEMENT

2.1 Pre-application stage

- 2.1.1 Pre-application discussions offer the opportunity for the council to clarify the planning policies and material considerations that will be relevant to determining an application, as well as enabling issues to be resolved through a collaborative process.
- 2.1.2 Discussions regarding the type and level of developer contributions should take place at the pre-application stage. Draft S106 Heads of Terms should also be considered at this stage. The Council would expect a draft Heads of Terms with any pre-application advice for housing developments expected to exceed 10 units of 1,000sqm in floor space, or any other form of development for which an obligation may be expected on a fair reading of this guidance. The level of detail included will depend on the specific issues relating to the proposed development, as well as whether an Outline or Full planning permission to be is sought. Where proposals are general in nature, for instance unit mixes are not yet specified, indicative S106 contributions will be calculated on the assumption that any future scheme would be fully policy-compliant.
- 2.1.3 Where an application triggers developer contributions that would be delivered by an organisation other than the Council or the applicant, pre-application discussions will be required with that organisation also. This may include, but is not limited to, discussions with: Registered Providers, Hertfordshire County Council, utility providers and the NHS. Applicants should be aware that as well as the Council's pre-application fees, other consultees may charge pre-application fees.
- 2.1.4 For schemes where viability is raised as an issue by the applicant, a draft viability appraisal will be required at pre-application stage. For further advice, please see section 2.3 of this guidance document.

2.2 Application stage

- 2.2.1 Where pre-application discussions have identified that developer contributions will be required, applicants should submit heads of terms with their planning application.
- 2.2.2 Any developer contributions required will be considered at application stage by the case officer, other Council directorates, Hertfordshire County Council and any other external service providers and statutory consultees as relevant to the application. **All developer contribution requests and requirements will be coordinated by the relevant case officer.** This is to ensure that
- correct processes are followed;
 - applications can be dealt with in a fair and consistent way; and
 - schemes are considering in the round having regard to all relevant policy requirements.

- 2.2.3 This holistic approach may require compromise between competing interests (for example the preferred approach of the highway authority vs urban design and place-making considerations). For this reason, applicants are advised not to coordinate or otherwise seek to agree developer contributions directly with those involved in infrastructure delivery without the involvement of the Council.
- 2.2.4 The case officer will discuss the required developer contributions with the applicant, ensuring conformity with CIL Regulations 2010 (as amended). Where agreement cannot be reached between the applicant and the Council regarding the required obligations, or the applicant does not sign the S106 legal agreement ('legal agreement') within the required timescales, the planning application may be refused by the Council⁹. For this reason, close dialogue between case officers and specific Council service areas and applicants is recommended from an early stage.
- 2.2.5 Planning applications that require obligations and that are determined by the Council's Planning Control Committee will not be recommended favourably to the Planning Control Committee until all parties to the agreement have agreed the content of the document. The legal documents which secure the obligations, whether via section 106 or unilateral undertaking, must be agreed in regards to wording of definitions, scale, phasing of delivery and trigger points of any obligations prior to the deadline for draft reports for the targeted Committee date.
- 2.2.6 Standard templates for the legal agreements and Unilateral Undertakings can be found on the Council's webpage at: <https://www.north-herts.gov.uk/home/planning/apply-planning-permission/planning-obligations/>.
- 2.2.7 Developers / applicants will need to produce satisfactory proof of title for their particular site and all persons with an interest in the development site including owners, mortgagees, tenants and option holders must be party to the agreement.
- 2.2.8 Applicants will be required to pay the Council's legal costs as well as their own for drafting and checking legal agreements, and will need to provide a solicitor's undertaking to do so. Applicants should also be aware that a solicitor's undertaking and proof of title will be required by Hertfordshire County Council where applicable.
- 2.2.9 Where an applicant challenges the contributions required at application stage on viability grounds, a viability appraisal will be required. For further advice, please see section 2.3 of this guidance document.

2.3 Viability

- 2.3.1 Applicants should ensure that development proposals adhere to Local Plan and Neighbourhood Plan policies and that these requirements are factored into land value. The Local Plan should be treated as the starting point, with the underlying

⁹ Where planning applications are refused in this way on the advice of a consultee, that consultee will be responsible for defending their advice to the Council at any future appeal by the applicant. Consultees can have costs awarded against them at appeal in specified circumstances. See <https://www.gov.uk/guidance/appeals>, accessed May 2019

viability evidence demonstrating overall viability¹⁰. This reflects Planning Practice Guidance, which states that where up-to-date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable. It is therefore up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage and where needed, provide evidence of what has changed since then.

- 2.3.2 A viability appraisal should cover and consider whether viability enhancements could improve the situation, for example deferring triggers for contribution payments. It should be an ‘open book’ assessment which should include information covering (but not necessarily limited to) the following:

- Existing use values;
- Proposed use values (sales and rental);
- Demolition and construction costs;
- Finance and marketing costs;
- Assumed yield;
- Construction site abnormalities;
- Development phasing/timetable.

- 2.3.3 A viability appraisal should be submitted at application stage for any planning application where viability is a factor in determining the application. The viability appraisal will be independently assessed by consultants acting on behalf of the Council and the cost of this will be covered by the applicant.

- 2.3.4 A revised viability appraisal will be required where material changes are made following the submission of the planning application, or where there are delays where issues have not been resolved within the timescales originally envisaged.

- 2.3.5 Planning Practice Guidance provides further information on the expected requirements in relation to viability appraisals, including but not limited to: assessment of land value, inputs and assumptions as well as an open book approach and ensuring accountability. The viability assessment shall be treated as a public document and made available on the Council’s planning portal.

- 2.3.6 Overpayment for land will not be accepted as a reason for reducing contributions.

2.4 Viability review mechanisms

- 2.4.1 The Council will consider using a viability review mechanism where obligations or covenants are agreed at lower than policy compliant levels on viability grounds. A viability review mechanism can trigger a review of the originally agreed contributions where there is an improvement in viability and/or broader economic conditions since the original viability appraisal was undertaken.

- 2.4.2 A viability review mechanism may be used for multi-phased or long-term development schemes. Viability review mechanisms may also be appropriate

¹⁰ DSP – North Hertfordshire District Council – Local Plan Viability Assessment – Update – Final Report (August 2016)

DSP – North Hertfordshire District Council – Local Plan Examination Addendum (Viability) (Proposed policies HS4 and HS5) (January 2018)

whereby there are large scale, estimates or bespoke costs which may be subject to change or further surety upon investigation. The trigger point(s) for review will be set out at application stage, and be relevant to the reason for the inclusion of the viability review mechanism. Further developer contributions will only be required if a surplus is identified during the review over and above the returns necessary to be deemed viable.

- 2.4.3 The applicant will be expected to pay for the full cost of a viability appraisal required by a viability review mechanism. The appraisal should meet the requirements set out above. The viability review mechanism would be included in the S106 agreement.

2.5 Policy priorities and planning obligations

- 2.5.1 This SPD outlines in further detail the type of planning obligations that may be required. The coverage of likely obligations is not exhaustive, and each application will be considered on its merits on a case-by-case basis. Nonetheless, in every instance, the obligations sought will be in line with the CIL Regulations 2010 (as amended or subsequently replaced).
- 2.5.2 Paragraph 4.83 of the Local Plan identifies that there may be instances whereby policy requirements are prioritised. Where an agreed viability study has been produced in accordance with relevant policies, the Council will consider the requirements most critical to securing development and meeting the overall objectives of the Local Plan.
- 2.5.3 The Council will normally prioritise those contributions that have been properly tested through the Local Plan, in accordance with Planning Practice Guidance. The Council will have regard to potential alternative sources of funding and / or the likelihood of direct funding (in whole or part) of infrastructure for which s106 requests have been received.
- 2.5.4 Whether contributions have been subject to appropriate levels of consultation, examination and / or testing, is a significant factor in the viability of a scheme. The Council reserves the right to continue to require fully policy-compliant affordable housing provision (and other forms of properly tested contributions) at the expense of other requests.
- 2.5.5 The Council will seek to work with the relevant infrastructure provider to understand other potential forms of funding to fill any shortfall and negotiate an appropriately reduced level of contribution from the applicant.

2.6 Deeds of variation

- 2.6.1 In some cases, it may be necessary to change the contents of an agreement after it has been completed and signed. In such instances, the variation would need to be agreed by all parties affected by the variation prior to the submission of any application under Section 106B of the Town and Country Planning Act 1990 (as amended). This will result in additional costs to the applicant to take into account the negotiation, preparation and drafting of the variation. These costs include the costs of

the applicant's legal representation, the reasonable costs of the Councils legal representation as well as the costs of the application to vary or modify an obligation in of itself.

2.7 Monitoring, enforcement and allocation

- 2.7.1 The Council monitors all agreements, taking into account the trigger points and the different obligations included. Monitoring fees will be sought through S106 agreements and will meet the requirements of Part 11 Regulation 122 of the Community Infrastructure Levy Regulations 2010 as amended by Regulation 10 of the Community Infrastructure Levy (Amendment) (England) (No. 2) Regulations 2019. Those requirements are that the sum to be paid fairly and reasonable relates in scale and kind to the development and does not exceed the authority's estimate of its costs. Fees may be required to cover the cost of land transfer, where applicable.
- 2.7.2 The authorities estimate of costs for monitoring of obligations will, necessarily, be bespoke and context dependent. The estimated costs may include the monitoring costs of other departments in and or outside of the District Council. Fees for monitoring will be negotiated by the case officer.
- 2.7.3 The Town and Country Planning Act 1990 (as amended) outlines provisions for local authorities to enforce planning obligations. Due to this, the applicant may be required to provide evidence as the development progresses that all financial and non-financial obligations have been met.
- 2.7.4 The Council will charge interest on any payment that is paid late, and this will be payable from the date that the payment was due to the date of payment. Interest will be applied at two percentage points above the base lending rate of Lloyds Bank, as varied from time to time.
- 2.7.5 A S106 agreement and Unilateral Undertaking report is produced by the Planning Department and the information is reported to the Area Committees annually. This information can be found on the following webpage: <https://democracy.north-herts.gov.uk/mgListCommittees.aspx?bcr=1>
- 2.7.6 The Council will comply with the requirements of Part 10A, Regulation 121A of the Community Infrastructure Levy Regulations 2010 as amended by Regulation 9 of the Community Infrastructure Levy (Amendment) (England) (No. 2) Regulations 2019 in so far as it relates to planning obligations. The Council will provide an annual infrastructure funding statement in the form of a "section 106 report", the first being due, at the time of writing, the 31 December 2020.

2.8 Indexation

- 2.8.1 Commuted sums will be indexed linked from the date of the agreement to the date when the contribution is requested. Where the contribution relates to a commuted maintenance payment, this will be index linked from when maintenance costs are agreed. The Retail Price Index (RPI) will be used for ongoing revenue costs, and PubSec for all capital costs. This is to ensure that the value of an obligation does not

reduce over time. This information is correct at the time of writing, but is subject to change.

- 2.8.2 For contributions required by Hertfordshire County Council, indexation will be calculated having regard to any relevant requirements in their own planning obligations guidance¹¹.

2.9 Bonds

- 2.9.1 A bond may be used in cases where a developer will be delivering the work or where payments are phased. For instance, where the contribution relates to Highway infrastructure works, a bond may be used to provide a guarantee to the Council that the infrastructure can be delivered and to required standards.
- 2.9.2 Bonds may also be requested by the Council to hold for future decommissioning works, such as a solar farm subject to a temporary planning permission or in other circumstances deemed appropriate.

¹¹ Hertfordshire County Council Guide to Developer Infrastructure Contributions, <https://www.hertfordshire.gov.uk/about-the-council/consultations/environment/draft-developer-contributions-guide-consultation.aspx>

3 ECONOMY AND TOWN CENTRES

Local Plan Policies	Other relevant Strategies & Guidance
<ul style="list-style-type: none"> ➤ SP3: Employment ➤ SP4: Town Centres, Local Centres and Community Shops ➤ SP9: Design and sustainability ➤ ETC3: New retail, leisure and other main town centre development ➤ ETC6: Local Centres ➤ D1: Sustainable design ➤ Site-specific policy criteria 	<ul style="list-style-type: none"> ➤ Hertfordshire LEP Strategic Economic Plan ➤ Hertfordshire Skills Strategy ➤ NHDC Economic Development Strategy ➤ Town Centre Strategies for Baldock, Hitchin, Letchworth Garden City and Royston

3.1 Policy context

- 3.1.1 The NPPF seeks to support economic growth and support the role that town centres play at the heart of local communities¹².
- 3.1.2 The Local Plan sets out our aspiration to provide an appropriate balance between skills, housing and economic development. It recognises the contribution of ‘footloose’ careers in sectors such as construction and the trades in the overall employment balance of the District.
- 3.1.3 The retail policies of the Plan seek to maintain the vibrancy and vitality of key centres within the District. This includes the main town centres of our largest settlements as well as smaller parades of shops serving a local function.
- 3.1.4 The Hertfordshire Local Enterprise Partnership (LEP) provides the strategic framework for economic growth within the county. This is supported by local strategies for economic development and our town centres.

3.2 Business, economic development, local employment and training

- 3.2.1 We will support and promote the use of local people and businesses through the construction and delivery phases of new developments. We will particularly encourage these on our larger and strategic sites. These will have build-out periods lasting a number of years and will deliver significant employment and supply-chain opportunities over a prolonged period. Once implemented they will provide ongoing employment opportunities in shops, schools and other facilities. On longer-running schemes we will also encourage the creation of apprenticeship programmes providing the opportunity for local people to develop skills and put these into practice. These approaches will help to deliver social value through the planning system.

¹² NPPF Paragraphs 80 and 85

- 3.2.2 Where these measures are pursued, we will incorporate a (commitment to the production of a Local Labour Agreement within the S106 agreement. The detail of the Local Labour Agreement should be informed having regard to recognised resources and toolkits such as the Construction Industry Training Board's client based approach.
- 3.2.3 Any specific requirements relating to built development for B-class employment uses are set out in relevant policies and site criteria. Where appropriate and necessary, relevant measures may be secured in any legal agreement relating to the relevant planning application(s) for those schemes.

3.3 Regeneration, town centres and streetscapes

- 3.3.1 Each of the District's four main towns has a recognisable town centre. Over time a range of enhancement works have been carried out to maintain their distinctive characters and vibrancy. Contributions towards future town centre public realm enhancements will be sought from relevant major development schemes potentially including (but not necessarily limited to):
- Schemes for development within existing town centres;
 - Schemes for out-of-centre development where such contributions may help preserve the vitality and / or viability of the existing centre(s); and
 - Schemes elsewhere that may result in a substantive increase in footfall in existing town centres.
- 3.3.2 Major residential or non-residential development schemes near town centres have potential to drive substantive increases in footfall in town centres. Schemes for out-of-centre development will have to meet the necessary policy tests in regards to the sequential and impact tests. It may be that within the impact tests, contributions could be nominated or sought to mitigate harm to the vitality or viability of an existing town centre to an acceptable level.
- 3.3.3 Contributions may be sought for improvements to the wider public realm, the installation of specific facilities such as bike racks or street furniture or features such as public art. Specific projects for which contributions may be sought will be identified in an updated suite of Town Centre Strategies. Work on these is due to commence during 2020.
- 3.3.4 Where potential improvements are identified adjacent or otherwise in close proximity to a development site it may be appropriate for the applicant to carry out works directly with the approval of any other relevant bodies (such as the freeholder of the land affected). Alternatively, financial contributions may be sought.
- 3.3.5 Improvements to public realm will not necessarily be confined to the main town centres. Where appropriate, we will seek contributions towards public realm improvements in smaller centres and other areas which play an important role in defining place and supporting the day-to-day function of the built environment. Priorities for public realm enhancements may be identified in Neighbourhood Plans

or other locally-led strategies or initiatives, such as Parish Plans. Applicants should have regard to any relevant policies or requirements applicable to their scheme.

- 3.3.6 The Council may seek contributions towards the ongoing maintenance of any public realm improvements to be provided.

4 TRANSPORT

Local Plan Policies	Other relevant Strategies & Guidance
<ul style="list-style-type: none"> ➤ SP6: Sustainable transport ➤ SP9: Design and sustainability ➤ SP10: Healthy communities ➤ T1: Assessment of transport matters ➤ T2: Parking ➤ D1: Sustainable design ➤ D4: Air quality ➤ Site-specific policy criteria ➤ Appendix 4: Car Parking Standards 	<ul style="list-style-type: none"> ➤ Vehicle Parking at New Developments SPD ➤ Transport and Parking SPD* ➤ Design SPD* ➤ NHDC Transport Strategy* ➤ NHDC Local Cycling and Walking Infrastructure Plan (LCWIP)* ➤ NHDC Parking Strategy* ➤ Hertfordshire County Council Guide to Developer Infrastructure Contributions¹³ ➤ Hertfordshire Local Transport Plan ➤ The North Central Hertfordshire Growth & Transport Plan* ➤ Roads in Hertfordshire: A Design Guide

*Forthcoming

4.1 Policy context

- 4.1.1 The levels of growth and development envisaged in the plan will place additional demands on transport and highway networks and planning obligations can be used to mitigate against these effects.
- 4.1.2 The NPPF asks that transport issues be considered from the earliest stages to allow development impacts to be addressed and so that opportunities to promote more sustainable modes of travel can be identified and pursued¹⁴.
- 4.1.3 Hertfordshire County Council is the local highway authority and has the primary responsibility for delivering transport provision in the District. Hertfordshire County Council as Highway Authority is consulted on all applications and is a statutory consultee.
- 4.1.4 The County Council's Local Transport Plan (LTP4) states that sustainable transport modes such as walking, cycling and improving access to public transport are to be prioritised while working to reduce need for journeys overall. LTP4 is supported by a range of strategies. These are both topic-specific (e.g. rail strategy) and geographically based (e.g. area growth and transport plans).

¹³ Hertfordshire County Council Guide to Developer Infrastructure Contributions, <https://www.hertfordshire.gov.uk/about-the-council/consultations/environment/draft-developer-contributions-guide-consultation.aspx>

¹⁴ NPPF Paragraph 102

- 4.1.5 The Local Plan sets out policies that align with LTP4 to ensure that transport provision across the District is sustainable, efficient and safe and that environmental impacts, such as noise and air quality impacts, can be avoided and mitigated against.
- 4.1.6 Local Plan Policy T1: Assessment of transport matters requires Transport Statements, Transport Assessments and/or Travel Plans along with supporting documents where required. These documents provide an assessment of the likely transport impacts of the development in question. Where impacts cannot be fully mitigated, sustainable transport and highways planning obligations will be sought.
- 4.1.7 The Plan is supported by a proposed Transport Strategy. This identifies a number of potential projects, recognising that these will be reviewed and refined on an on-going basis.
- 4.1.8 Highways England is responsible for the strategic road network. In some instances, private landowners may be responsible where the provision is not on public highway.

4.2 Financial and non-financial obligations

- 4.2.1 The District Council will be guided by the response(s) of Hertfordshire County Council in determining measures required to mitigate transport impacts. The County Council's Guide to Developer Infrastructure Contributions provides an indication of the scale of requests they are likely to make in response to planning application consultations.
- 4.2.2 (Prospective) applicants should review the relevant strategies and guidance documents to identify potentially relevant and suitable projects for which contributions may reasonably be sought. In particular, regard should be had to promoting modal shift as endorsed in LTP4, the Roads in Hertfordshire design guide, as well as the management of highway impacts arising from the Local Plan where those impacts would be directly related to the development proposed.
- 4.2.3 In addition to S106 agreements, Section 278 (S278) agreements can be used as a mechanism to secure highway measures that cannot be addressed through the design of the proposed development. S278 agreements are used when the proposed works relate to the existing highway network, and Section 38 of the Highways Act is used where new highways are to be created and this can be provided by way of commuted sum where necessary.
- 4.2.4 The applicant should discuss with the Council and other relevant service providers whether the developer is best placed to deliver the works on-site, or to provide a financial contribution for another party to deliver the infrastructure required.
- 4.2.5 The cumulative transport impact of development proposals will also be taken into account as set out in the Local Plan, which may mean that smaller schemes may be requested to make appropriate contributions towards schemes which are required to address the combined impacts of future growth.

- 4.2.6 Non-financial contributions towards sustainable transport may also be required and may include establishing car clubs, providing electric vehicle infrastructure, land for Rights of Way improvements, controlled parking zones and safe cycle storage. Where Travel Plans are required for a development, contributions may be sought for monitoring.

5 HOUSING

Local Plan Policies	Other relevant Strategies & Guidance
<ul style="list-style-type: none"> • SP8: Housing • HS2: Affordable housing • HS3: Housing mix • HS4: Supported, sheltered and older persons housing • HS5: Accessible and adaptable housing • Site-specific development criteria 	<ul style="list-style-type: none"> • Housing Strategy • Homelessness Strategy • Tenancy Strategy

5.1 Policy context

- 5.1.1 The NPPF stresses the importance of addressing the needs of groups with specific requirements for housing¹⁵.
- 5.1.2 The Council's overall planning approach to Affordable Housing is set out in Policy HS2 of the Local Plan and supporting text. This section of the SPD provides additional information to aid interpretation of these requirements.
- 5.1.3 Further information on the Council's approach to Affordable Housing is set out in our Housing Strategy and Tenancy Strategy. These, and other relevant documents, including the latest Strategic Housing Market Assessment, are provided on our website. Where relevant, this section of the SPD makes reference to the latest findings from these reports. However, these documents may be updated over the lifetime of this SPD and should always be referred to for the most up-to-date information.
- 5.1.4 Policies HS4 and HS5 contain specific requirements relating to housing for older persons and accessibility respectively.

5.2 Affordable Housing

Demonstrating compliance with Affordable Housing requirements

- 5.2.1 We encourage the submission of an Affordable Housing Statement alongside any relevant planning applications to demonstrate how the requirements of the Local Plan and this SPD have been met. Alternately, the approach to Affordable Housing should be clearly set out as a distinct section within one or more of the following documents (as applicable):

- Design & Access Statement
- Planning Statement
- Environmental Statement

¹⁵ NPPF Paragraph 59

- 5.2.2 The following details set out the Councils expectations in line with policy HS2 of the Local Plan. All expectations set out below will be secured in a legal agreement in any potential approval of a relevant application. In the event of an outline planning application with all or most matters reserved, these matters will remain secured in a legal agreement, up to, including and not limited to amount, tenure, mix and design.

Calculating the Affordable Housing requirement (Policy HS2(a)(i))

- 5.2.3 Policy HS2 sets the following target percentages of dwellings to be affordable:

Size of site (gross dwellings)	Target % of Affordable Housing
11-14 dwellings	25%
15-24 dwellings	35%
25+	40%

- 5.2.4 When calculating the number of affordable units, the general approach will be to round the requirement to the nearest whole number. Where the requirement is subject to rounding up, the target levels of Policy HS2 may be slightly exceeded. As a general principle, and having regard to the findings of our evidence¹⁶, this approach is unlikely to affect scheme viability. Subject to the exceptions below, the Council will not entertain viability appraisals or attempts to reduce the Affordable Housing contribution on this ground alone.
- 5.2.5 The impact of rounding the requirement can be more significant for smaller sites given the low numbers of units involved. We specifically recognise the potential impact upon schemes of 11, 14, 16 and 19 units. In these instances we will determine the most appropriate approach having regard to:
- The nature of the scheme;
 - The tenure of any proposed Affordable Housing products; and
 - The proposed / potential Affordable Housing floorspace as a proportion of the overall development, particularly where larger units are proposed for private sale with smaller units proposed as the Affordable Housing contribution.
- 5.2.6 These factors will also be considered in other instances where the proposed Affordable Housing contribution does not comply with policy.

Off-site provision of Affordable Housing

- 5.2.7 Where the off-site provision of Affordable Housing or a financial contribution is agreed in principle (see below), the requirements of Policy HS2 should be met when viewing the application site and the 'donor' site(s) (or other agreed alternate form(s) of contribution) as a single entity.

16 North Hertfordshire District Council Local Plan Viability Assessment Update 2016 (Dixon Searle Partnership (DSP))

- 5.2.8 A scheme for 100 units would normally generate an on-site requirement for 40 affordable homes, with the remaining 60 homes available for market sale ($40 / 100 = 40\%$).
- 5.2.9 However, a scheme of 100 market sale homes with no on-site Affordable Housing would require off-site provision or a financial contribution equivalent to 67 affordable units to make the same contribution: $(67 / (67+100) = 40\%)$.
- 5.2.10 The table below summarises the equivalent percentages required to meet the targets in Policy HS2 where fully off-site provision or a commuted payment is to be made.

Size of site (gross dwellings)	Target % of Affordable Housing (on-site)	Off-site equivalent
11-14 dwellings	25% of all dwellings	33% of market homes
15-24 dwellings	35% of all dwellings	54% of market homes
25+	40% of all dwellings	67% of market homes

- 5.2.11 We will use bespoke calculations where it is agreed that the Affordable Housing is to be split between on-site and off-site provision.

Provision involving existing Affordable Housing

- 5.2.12 Where existing Affordable Housing is to be demolished or otherwise lost, we will normally expect that existing units will be replaced on a one-for-one basis with the targets of Policy HS2 then applied to any net additional units.
- 5.2.13 Exceptions to this approach will be considered on a case-by-case basis, for example when a scheme proposes replacement units that better meet identified Affordable Housing needs or where private sale units will cross-subsidise the scheme.

Vacant Building Credit

- 5.2.14 National policy provides an incentive for brownfield development on sites containing vacant buildings. This requires Affordable Housing requirements to be reduced based on the quantity of floorspace being brought back into use or replaced.
- 5.2.15 Vacant Building Credit is intended to incentivise the re-use of buildings or sites that would otherwise remain vacant or become derelict. It is not intended as a back-door means of reducing Affordable Housing contributions on otherwise viable sites.
- 5.2.16 Where Vacant Building Credit is applied for, the applicant should follow the principles set out for employment uses in Local Plan Policy ETC2(i) and provide evidence that the building has been actively marketed for its current use for a period of at least twelve months without success prior to submission of a planning application. This should demonstrate that the marketing has been conducted appropriately given the terms and rental / sales values compared to other similar properties.
- 5.2.17 Vacant Building Credit will not be applied where the above conditions are not met.

Viability

- 5.2.18 Our overall approach to viability is set out in Policy SP7 of the Local Plan and Section 2.8 of this SPD. Where a developer seeks to reduce Affordable Housing below target levels on viability grounds, the appraisal should demonstrate the impact of full compliance with the Affordable Housing Requirements in the Local Plan and this SPD on a 'nil grant' basis.
- 5.2.19 Any departure from policy compliant Affordable Housing provision on viability grounds will be negotiated on a case-by-case basis having regards to the findings of the viability study, scheme-specific circumstances and the potential for any alternate and / or reduced forms of contribution towards Affordable Housing.

On-site vs. off-site provision (Policy HS2(a)(ii))

- 5.2.20 Our presumption is strongly in favour of Affordable Housing provision being made on site. Although some sites will deliver relatively low numbers of affordable homes, Registered Providers operating in the District are normally willing to take these on as part of their wider portfolio.
- 5.2.21 We recognise that there can be specific circumstances where it is not possible or appropriate to make Affordable Housing provision on site. This might include in some smaller flatted developments or where specialised accommodation within Use Class C3 is being provided.
- 5.2.22 Any (proposed) departures from on-site provision will be considered on a case-by-case basis. Where it is accepted that on-site provision is not feasible, we will first seek provision on an alternate site. If this is not possible, we will seek a commuted sum in lieu of provision.

Approach to off-site provision

- 5.2.23 Off-site provision may be an appropriate alternative where an alternate site is in possession of, or can be reasonably acquired or otherwise accessed by, the applicant who can then deliver affordable homes upon it in partnership with a Registered Provider in the normal way. The Affordable Housing provision on the 'donor' site will need to comply with relevant planning policies and the requirements of this SPD. It will normally be secured with an appropriate clause(s) in the legal agreement and / or Grampian condition on the principal site to ensure delivery of both schemes.
- 5.2.24 The 'donor' site should be reasonably related to the application site. In considering the acceptability of potential alternate sites, we will have regard to the approach taken by the Local Plan to Rural Exception sites. Alternate sites should normally be located within both a 15-minute drive time and a 30-minute journey time using passenger transport of the principal application site.

Commutated sums

5.2.25 Where it is accepted that a commuted sum is required, the starting point for negotiation will be an equivalent payment sufficient to deliver the Affordable Housing requirement on an alternate site:

- The Affordable Housing requirement will be calculated in line with the requirements set out in this section of the SPD;
- The cost per required affordable unit (the unit cost) will be based upon the provision of a 2-bed house (including land);
- The unit cost will be derived from the costs set out in the Council's most recent District-wide viability assessment.

5.2.26 At the time of writing this approach gives a unit cost of £123,000 ¹⁷.

C2 Uses and affordable housing

5.2.27 For the purposes of the new Plan, the Council has treated the need for and provision of housing within use-class C3 separately from the need for and provision of more specialist accommodation within use-class C2. The overall housing requirement and references to dwelling estimates for the Strategic Housing Sites and Local Housing Allocations are for C3 uses only. The Plan relies on delivery of the housing allocations with policy-compliant affordable housing to meet future market and affordable housing needs in full.

5.2.28 Requirements for C2 uses are set out separately and in addition. A minimum target for the overall provision of C2 bedspaces is set in Policy SP8(g).

5.2.29 The Council will not normally seek the provision of affordable housing or affordable housing contributions from:

- C2 uses where they satisfy a specific policy requirement on Strategic Sites; or
- C2 uses on windfall sites not identified in the Plan

5.2.30 However, where a C2 use is otherwise proposed on a site allocated in the Plan for housing, the Council will seek a commuted sum for affordable housing that compensates for any loss of affordable housing units that might otherwise have been provided if the site had been fully developed for C3 use in accordance with the Plan.

5.2.31 The relevant sum will be calculated on a case-by-case basis using the dwelling estimate and affordable housing policies in the Plan and the guidance above on commuted sums.

¹⁷ Taken from North Hertfordshire District Council Local Plan Viability Assessment Update 2016 (DSP). Figure based upon: a base build cost for a 79m² 2-bed home at £1,190/m²; £4,500 site prep and survey costs; a 17% uplift on the base build cost for contingencies, fees and sustainable design & construction standards; £2,447 to achieve M4(2) accessibility compliance; and £9,250 to purchase 1/40th hectare of land at assumed greenfield enhancement value of £370,000 per hectare. Total rounded to nearest £1,000.

Expenditure of commuted sums for Affordable Housing

5.2.32 Any specific provisions relating to the expenditure of the commuted sum, including time limits, will be set out in the s106 agreement. In general terms, commuted sums for Affordable Housing might reasonably be spent upon (but is not necessarily limited to):

- The delivery of additional affordable units on other s106 schemes;
- The provision of new affordable homes on (up to) 100% Affordable Housing schemes by the Council or a Registered Provider;
- The acquisition of (serviced) land to facilitate such schemes;
- The adaptation or modification of existing stock to meet standards and / or specific identified housing needs;
- The acquisition of homes on the open market for Affordable Housing; or
- The provision of other forms of housing providing homeless or temporary accommodation;

5.2.33 Specific projects may be identified in our Housing Strategy or other relevant documents and expenditure can take place anywhere in the District regardless of the location of the development to which the commuted sum relates.

Ensuring affordability (Policy HS2(a)(iii))

5.2.34 Housing affordability is a significant issue in the District. The ratios of house prices to earnings are at the highest levels ever recorded. Even with discounts applied, rents and purchase requirements for intermediate products remain difficult to afford for many households.

5.2.35 The Local Plan recognises that it will be necessary to introduce rental caps at below 80% of market rates to ensure affordability, particularly for larger units. Our approach to rents, and seeking to ensure the affordability of all Affordable Housing products, is set out in our Housing Strategy and Tenancy Strategy. We currently require the following rental levels:

- 1 & 2 bed properties: 80% of market rents
- 3 bed properties: 70% of market rents
- 4 bed properties: social rents

5.2.36 All rents are to be within Local Housing Allowance Rates. Rents for 1-, 2- and 3-bed properties should achieve the percentages above inclusive of any service charges, management fees or similar.

5.2.37 The requirements in the Plan are based upon households allocating 35% of their gross income to housing. Applicants should demonstrate that any intermediate products, including the initial purchase percentage(s), will be affordable on this basis having regard to local income and house price data. House prices vary significantly across North Hertfordshire and district-wide price averages will generally not be considered an appropriate basis for making these calculations. In determining the

affordability of products, any service charges, management fees or similar which may be applied should be included.

- 5.2.38 For shared ownership units, applicants should be able to purchase an initial equity share in the property of between 25% and 75%. The rent on unsold equity will be capped at 2.75% in accordance with Homes England requirements.
- 5.2.39 Due to the high cost of housing throughout the District, some forms of intermediate tenure products are considered unlikely to meet the affordability requirements of the Plan. This includes, but is not necessarily limited to, discounted market sales housing and Starter Homes.
- 5.2.40 The Government recognises that shared ownership products can be hard to replace, particularly in rural areas. To address this issue, regulations identify Designated Protection Areas¹⁸. Within these, any shared ownership products will be required to restrict 'staircasing' to a maximum 80% equity share in the property.
- 5.2.41 Where applicable, these requirements will be incorporated into the legal agreement. The following parishes within North Hertfordshire are currently Designated Protection Areas:

- | | |
|----------------|-------------------|
| ➤ Ashwell | ➤ Lilley |
| ➤ Barkway | ➤ Newnham |
| ➤ Barley | ➤ Nuthampstead |
| ➤ Bygrave | ➤ Offley |
| ➤ Caldecote | ➤ Pirton |
| ➤ Clothall | ➤ Preston |
| ➤ Codicote | ➤ Radwell |
| ➤ Graveley | ➤ Reed |
| ➤ Hexton | ➤ Rushden |
| ➤ Hinxworth | ➤ Sandon |
| ➤ Holwell | ➤ St Pauls Walden |
| ➤ Ickleford | ➤ Therfield |
| ➤ Kelshall | ➤ Wallington |
| ➤ Kimpton | ➤ Weston |
| ➤ Kings Walden | ➤ Wymondley |
| ➤ Langleigh | |

Affordable Housing tenures (Policy HS2(b)(i))

- 5.2.42 Local Plan policy requires 65% of Affordable Housing units to be for rent with the remaining 35% other forms of Affordable Housing. The definition of the various housing types considered to be Affordable Housing is set out in Annex 2 of the NPPF.

¹⁸ The Housing (Right to Enfranchise) (Designated Protected Areas) (England) Order 2009

- 5.2.43 When calculating the required tenure split, the number of rented units will normally be rounded to the nearest whole number. The number of intermediate units will normally represent the balance of the overall requirement.
- 5.2.44 On schemes of 25 units or more it should be possible to deliver the tenure split required by Policy HS2.
- 5.2.45 On schemes of less than 25 units, or in other instances where less than 10 Affordable Housing units are proposed or agreed, we will consider the most appropriate approach to tenure mix on a case-by-case basis having regard to the above advice. It may not, for example, be desirable for a scheme to deliver a single intermediate unit. Equally, it may not be practical to deliver affordable rented units within a small block of flats.
- 5.2.46 The most appropriate mix of intermediate products will be negotiated on a case-by-case basis having regard to relevant evidence (including upon affordability) and the type and size of Affordable Housing product(s) proposed by the applicant or otherwise considered realistic in the context of the site and overall scheme.
- 5.2.47 The NPPF allows for self-build housing to be Affordable Housing. For this to be the case, the self-build must fall within one of the Affordable Housing types contained in the NPPF definition. Where any self-build housing is accepted as being a form of Affordable Housing (and vice versa) it will count towards any relevant policy targets or requirements for both forms of provision. Self build not falling within the NPPF definition of Affordable Housing will not count towards, or otherwise be offset against, the Affordable Housing requirement.

Evidence of housing need (Policy HS2(b)(ii))

- 5.2.48 The starting point for evidencing Affordable Housing need is the Council's latest Strategic Housing Market Assessment. This provides advice on overall requirements and advised tenure and mix requirements for the whole District. We supplement data from district-wide studies, with more localised information.
- 5.2.49 Prospective applicants should contact the Council's Housing team for up-to-date housing register data. We work with Hertfordshire County Council's Adults Supported Accommodation Strategic Board to identify and address specific housing needs. Surveys for individual parishes are conducted in partnership with Parish Councils and Community Development Action's Rural Housing Enabler. Applicants should have regard to the findings for any up-to-date Parish surveys relevant to their site. Where a prospective applicant is considering bringing forward a significant scheme in a parish where there is no survey, or the survey is out of date, they should liaise with the Council at the earliest opportunity to determine whether it is practicable to produce or update a survey in advance of the submission of an application.
- 5.2.50 Where an applicant is considering gathering their own evidence to inform the assessment of housing needs for their own project(s), we encourage early engagement with the Council's Housing Team to ensure any survey is appropriately defined.

- 5.2.51 Any findings from the above will help inform whether there is justification to depart from the general tenure and mix requirements set out in the Local Plan and this SPD on a case-by-case basis.
- 5.2.52 Applicants will need to demonstrate compliance with any additional or alternate requirements in Neighbourhood Plans that are brought forward following adoption of the Local Plan¹⁹.

Affordable Housing Mix (Policy HS2(b)(v))

- 5.2.53 The aim of the Plan is to meet assessed district-wide needs for Affordable Housing over the period to 2031. The starting point for consideration of appropriate housing mix will therefore be our most recent Strategic Housing Market Assessment.
- 5.2.54 The current SHMA concludes that the requirements for Affordable Housing are split on an almost 50% / 50% basis between smaller (1- and 2-bed) and larger (3+bed) units. However, in calculating these requirements, it is assumed that current patterns of occupation will continue. Our Housing Strategy recognises there is evidence of 'under-occupation' of the existing Affordable Housing stock within the District. This is a particular issue with 3-bed homes given their prevalence across North Hertfordshire. The Local Plan recognises that increasing the proportion of smaller homes may, in particular, provide additional opportunities for older households to downsize. Most households in the top preference bands of the Council's Housing Register require smaller homes.
- 5.2.55 Reflecting these facts, we may seek a slightly higher proportion of smaller (1- or 2-bed) Affordable Housing units and a slightly lower proportion of 3-bed Affordable Housing units than suggested by a straight reading of the SHMA.
- 5.2.56 As set out above, we will consider whether any specific, local evidence justifies a departure from this general guidance on a case-by-case basis.
- 5.2.57 In considering the suitability of the proposed Affordable Housing mix, we will also have regard to other relevant policies of the Plan. Please refer to the following sections of this chapter in relation to self-build, older persons housing and housing accessibility.

Affordable Housing Design

- 5.2.58 Wherever practicable, affordable housing design should be tenure blind. It should be physically indistinguishable from the market housing and on larger sites be distributed across the site in small clusters, rather than concentrated on one of two parts of the site. Affordable Housing should be distributed in a way which ensures that access to key facilities such as schools, local shops and open space is equivalent to that provided for market homes.

¹⁹ If policies in an adopted Local Plan conflict with policies in an adopted Neighbourhood Plan (or vice versa) the most recent plan policy takes precedence.

- 5.2.59 Policy D1 of the Local Plan states that new homes must meet the Government's minimum nationally described space standards. In some instances, space requirements for Affordable Housing may be set at a higher level. Where there is conflict between two (or more) standards, the highest (most spacious) will be applied to the Affordable Housing.
- 5.2.60 The Local Plan requires that, where more than 10 Affordable Housing units are to be provided, 10% of these should be to the higher M4(3) wheelchair user standard. This requirement is in addition to the M4(2) standards above. The 10% requirement will be rounded to the nearest whole number based upon the Affordable Housing requirement. These should be provided within rented tenure units and to wheelchair accessible standards wherever possible. Where this approach is not considered viable (and subject to the general guidance on viability in the Local Plan and this SPD), we will consider whether provision of units to the wheelchair adaptable standard is an appropriate alternative.

Registered Providers

- 5.2.61 There are a large number of Registered Providers operating within the District. We do not have a preferred partner, nor do we recommend partners. We are able to provide contacts and facilitate introductions where required. The transfer of the Affordable Housing to the Registered Provider will normally be subject to a separate agreement with the applicant / developer. The Registered Provider will not normally be a signatory to the legal agreement.
- 5.2.62 Some forms of Affordable Housing do not need to be delivered by a Registered Provider. Where this is the case, we will consider whether it is appropriate to secure a bond or other form of guarantee in the legal agreement. Where the Council cannot secure nomination rights in accordance with the guidance below, we may request that the legal agreement restricts occupancy to households who cannot compete in the housing market.

Content of the legal agreement in relation to Affordable Housing

- 5.2.63 The key provisions relating to Affordable Housing will be secured through the S106 legal agreement and, to the extent that is appropriate, any associated Nomination Agreement. It is expected that the legal agreement will normally contain (but is not necessarily limited to) the following information:
- The overall amount of Affordable Housing to be provided;
 - Details of the tenure and type of Affordable Housing to be provided;
 - Details of any specific standards to be met by the Affordable Housing
 - Details of any trigger points for the construction and / or transfer of the Affordable Housing;
 - Any Mortgagee in possession (or other similar) clauses to safeguard the provision of Affordable Housing;
 - Any specific requirements in relation to nomination rights, lettings and cascades including qualifying persons and local connection criteria (see below); and

- Details of any applicable staircasing restrictions.

5.2.64 Where development is anticipated to occur over a number of phases, the provision of Affordable Housing should not normally be backloaded into later phases. This will be addressed through the inclusion of appropriate trigger points in the legal agreement.

5.2.65 Where outline permission is sought on an “up to...” basis, we may seek to secure a guaranteed minimum number of Affordable Housing units within the legal agreement. This is to ensure that the anticipated provision of Affordable Housing is not subsequently undermined (for example by submission of a detailed application for an alternate use on part of the same site).

Nomination rights, lettings and cascades

5.2.66 The District Council will normally seek to secure 100% of initial nomination rights and at least 75% of nomination rights for subsequent re-lets. Nominations will be made in accordance with the Common Housing Allocations Scheme or any successor.

5.2.67 For development East of Luton (Local Plan Policy SP19), we will take this approach to a number of Affordable Housing units which will be calculated as follows:

$$\text{Agreed site-wide Affordable Housing provision (\%)} \times 150$$

5.2.68 This reflects the amount of that development required to meet the District's own housing needs. Initial nomination rights for the balance of the secured Affordable Housing will be reserved for applicants on Luton Borough Council's Housing Register or joint housing register as may be agreed. Any subsequent nominations will return to North Hertfordshire District Council.

5.2.69 Insofar as is practicable, the units designated to each authority will contain a proportionate mix of tenures, unit sizes and accessibility adaptation consistent with the overall requirements of our policies and this SPD.

5.2.70 In the event of any future developments that are specifically intended to meet the unmet housing requirements of another Local Planning Authority, a similar approach will be taken.

5.2.71 In the rural Designated Protection Areas, we normally operate the following cascade to prioritise the allocation of affordable housing:

- Applicants from within the Parish;
- Applicants from adjoining Parishes;
- Applicants from other rural parishes in North Hertfordshire;
- Applicants from elsewhere in the District.

5.2.72 This approach will normally be continued on smaller rural sites. However, some rural parishes have significant development allocations in the new Local Plan – either because they physically adjoin larger towns or because they have been identified as locations capable of meeting a wider-than-local need. In the following parishes and

for the following developments we will determine the most appropriate cascade mechanism on a case-by-case basis:

- Barkway – Site BK3
- Bygrave – Site BA1
- Clothall – Sites BA2 and BA3
- Graveley – Site NS1
- Ickleford – Site IC3
- Offley – Sites EL1, EL2 & EL3
- Weston – Site GA2
- Wymondley – Site WY1

Subsequent occupiers

5.2.73 The measures above will normally secure the Affordable Housing provision on new development sites for subsequent occupiers. However, it is recognised that some units may eventually be lost from the Affordable Housing stock through Right to Buy, by achieving 100% ownership of intermediate products through 'staircasing' or through any additional or successor arrangements.

5.2.74 Presently, these rights and the recycling of monies received through these events are subject to their own regulation and will not normally need to be reflected in the legal agreement.

Deeds of variation

5.2.75 We sometimes receive applications to vary the conditions of the legal agreement following completion of the scheme and / or its transfer to the Registered Provider. In the past, these have mainly related to shared ownership units and / or the cascade mechanism where it has not been possible to allocate the Affordable Housing within the terms of the original agreement. In turn, this is often linked to the (un)affordability of the products.

5.2.76 By following the requirements of our Local Plan policies and the guidance in this SPD and other relevant strategies, the need to vary the legal agreement should only arise in exceptional circumstances.

5.2.77 Any Deed of Variation applications should be accompanied by robust evidence, including upon viability where relevant and follow the principles set out Section 2 of this document.

Review mechanisms (Policy HS2(c)(ii))

5.2.78 The general approach to review mechanisms for legal agreements is set out in Section 2 of this SPD. Where viability improves such as to trigger a review, we will take a fair and proportionate approach. Affordable Housing targets will be applied to the remaining phases or quanta of development at the point of review in line with the requirements of Policy HS2 and this SPD. We will not normally use review

mechanisms to seek above target levels of Affordable Housing provision on future phases of development in order to make up for previous shortfalls.

5.3 Self-build

- 5.3.1 Our policies require that 1% of plots on Strategic Housing Sites are reserved for self-build. We will have regard to the self-build register and encourage the provision of self-build plots on other sites where there is proven evidence of demand. Neighbourhood Plans may set requirements for self-build. Councils may additionally need to have regard to statutory requirements relating to self-build in other, non-planning functions such as land disposal.
- 5.3.2 The delivery of self-build sites, or proportion of sites as self-build opportunities, brings complexities, as detailed below. Considering the depth of considerations for the appropriate delivery of self-build housing, it is highly likely that any approval of such housing will require planning obligations, rather than conditions, to secure the details of delivery. As a result, guidance in what is required to be considered in delivery of self-build housing is set out below to inform heads of terms and eventual agreed obligations.
- 5.3.3 For the purposes of planning policy, Custom and Self-build dwellings share the same definition and the terms can be used interchangeably. Custom Build is where a person appoints a specialist developer to help build their own home. Self-build is where a person is more directly involved in organising and constructing their own home.
- 5.3.4 Where self-build plots are to be delivered we will secure, by legal agreement or condition as appropriate in each instance:
- The number and location of plots to be delivered for self-build;
 - The trigger point(s) for the provision and / or marketing of the serviced plots;
 - The transfer of the plots where the developer does not wish to retain or market them for self-build;
 - The means by which detailed permission(s) for the self-build plots shall be obtained;
 - Reversion clauses or similar allowing for the return of the plot to the developer and / or the use of any unsold self-build plots for other forms of housing; and / or
 - Time limits for the commencement and / or completion of development on any self-build plots.
- 5.3.5 The Council maintains a Self-Build and Custom Housebuilding Register in accordance with relevant regulations. This contains details of persons interested in acquiring plots of land for self-build.
- 5.3.6 The Council's preference is that developers will conduct the marketing and sale of any self-build plots themselves. In these instances, those on the Register will be asked to give their consent to be contacted by the developer. The Council will not be directly involved in disposing of the plots.

5.3.7 Where the developer does not wish to market self-build plots themselves, the freehold of the area that will contain the serviced plots should be transferred to the Council for a nominal sum. This sum may include the recovery of a reasonable proportion of the S106 costs attached to the site as a whole and / or the costs of providing services to those plots where this occurs prior to, or as a condition of, the transfer. The Council will then undertake the marketing and sale of the plots.

5.3.8 Prior to the marketing of any self-build plots, the body responsible for their disposal shall secure an appropriate permission or planning framework for the whole of the self-build area detailing:

- The highway layout
- The provision of services;
- Any incidental or communal landscaping, open space or similar;
- The extent of the individual self-build plots
- The unit type of the individual self-build plots
- Vehicular access and parking provision
- Key design parameters including
 - Fixed positions or zones for front and rear facades
 - Maximum building heights
 - Maximum internal floor areas
- A palette of materials

5.3.9 This approach strikes a reasonable balance between individuality and ensuring the site as a whole remains coherent in design terms. The permission should be sufficiently flexible to allow for innovative design and methods of construction. It should also ensure sufficient scope remains for future plot owners to have a meaningful input into the final design of their home. The factors above may be identified and / or secured through a design code (or similar) attached to a hybrid application²⁰.

5.3.10 The Council will consider whether it is expedient to introduce a Local Development Order, or other form of simplified planning framework, for self-build areas on a case-by-case basis.

5.3.11 Any marketing period should be of sufficient length to give interested parties reasonable opportunity to investigate likely acquisition and build costs and draw together appropriate funding. This may include securing in principle agreements for finance and / or quotes or expressions of interest from builders or developers to deliver the scheme where they will seek assistance in building their home. Plots should be made available at a reasonable market value so as to encourage, rather than deter, their uptake.

5.3.12 Our expectation is that any reversion clause will allow for a minimum two-year marketing period for self-build. Shorter periods will only be entertained when the

²⁰ In this instance, the final, detailed design of individual homes may be secured through a discharge of condition application (or similar) by the intended occupier upon, or prior to, acquisition of the plot.

applicant expects the remainder of the site to be completed more quickly. On Strategic sites, or other schemes where development is to be phased, it may be appropriate to seek longer clauses to maximise the opportunity for self-build plots to be taken up.

- 5.3.13 In all instances, self-build plots should be delivered in a timeframe that is compatible with the delivery of the site as a whole. Equally it is necessary to ensure that the site can be fully built out in the absence of interest in (all of) the self-build plots; unbuilt or incomplete plots on an otherwise completed scheme would detract from the Government's aim to create high quality places.

6 DESIGN

Local Plan Policies	Other relevant Strategies & Guidance
<ul style="list-style-type: none"> ➤ SP9: Design and sustainability ➤ D1: Sustainable Design ➤ D3: Protecting living conditions ➤ D4: Air quality 	<ul style="list-style-type: none"> ➤ Design SPD* ➤ Transport and Parking SPD* ➤ Baldock Air Quality Paper ➤ NHDC Note to Local Plan Inspector on Air Quality ➤ Hertfordshire Waste Strategy 2002-2024

*Forthcoming

6.1 Policy context

- 6.1.1 National policy recognises that good design is a key aspect of sustainable development²¹. The Local Plan contains policies focused on ensuring that design responds positively to local context and that suitable mitigation measures can be delivered through the planning process.

6.2 Design

- 6.2.1 The general design requirements of the Plan will normally be met through consideration of detailed Plan and, where appropriate, the use of planning conditions. However, there may be some instances where contributions are sought towards schemes which delivery upon the design aspirations of the Plan (see, for example, Section 3.4 on public realm).

6.3 Sustainable construction methods

- 6.3.1 Local Plan Policy D1 Sustainable design outlines that development proposals are required to consider the potential to minimise the impact on the environment during both construction and throughout the lifetime of the development. The Council may require planning conditions and/or legal agreements to achieve this.

6.4 Protecting living conditions

- 6.4.1 Policy D3 seeks to secure protection against potential statutory nuisances and other impacts which may adversely impact upon living conditions.
- 6.4.2 There may be requirement for reciprocal measures to be secured from proposed development in adjoining authorities under the arrangements set out in Section 1.8. This may include, but is not necessarily limited to, any future schemes at London Luton Airport.

²¹ NPPF Paragraph 124

6.5 Air quality monitoring

- 6.5.1 Legal agreements may be used to ensure that there are appropriate levels of mitigation to minimise development impacts in line with Local Plan Policy D4 Air quality. This is particularly relevant where development proposals are likely to create additional road traffic.
- 6.5.2 Policy D4 sets out the circumstances in which an air quality impact assessment will be required. Methods to reduce emissions may include: design of development, encouraging the use of public transport and car sharing, promoting low emission vehicle use, road and traffic management schemes as well as appropriate parking standards. These methods may be secured at planning application stage via planning conditions and/ or legal agreement.
- 6.5.3 Where air quality impact assessments are required and where those assessments predict that an adverse impact on local air quality will occur there will be a requirement for the Defra 'air pollution damage costs' approach to be applied. This air pollution economic analysis damage costs approach is founded upon the application of Defra's Emission Factor Toolkit and Central Government's Interdepartmental Group on Costs and Benefits (IGCB) guidance. Further information can be found in the NHDC Air Quality Planning Guidance Document and at www.gov.uk/guidance/air-quality-economic-analysis.
- 6.5.4 The financial contributions calculated by the 'air pollution damage costs' approach will need to be targeted to air pollution mitigation measures that are relevant to the development in question and of specific benefit to the local areas that have been identified as being adversely impacted by that development.
- 6.5.5 Identified measures or contributions will be secured by condition or legal agreement as appropriate in each instance.

6.6 Waste collection and recycling

- 6.6.1 A waste collection and recycling programme for North Hertfordshire is contained within the Hertfordshire Joint Municipal Waste Management Strategy 2007²². This has been modified since it was published and in September 2005 the Council agreed a programme that would ensure additional kerbside recycling facilities for all properties by September 2007.
- 6.6.2 Properties with no immediate access to the rear, together with flats may have no obvious means for storage of waste and recycling containers. This results in containers being permanently left in front gardens or by the roadside. Therefore, development schemes will be required to ensure appropriate arrangement for the storage of waste collection and recycling containers at the outset. This may be through communal shelters. This is to ensure conformity with Local Plan Policy D1 Sustainable design to reduce waste and consider the visual impacts of a development.

22 Hertfordshire Joint Municipal Waste Management Strategy 2007

- 6.6.3 The revenue costs of waste collection are covered through Council Tax. However, in the case of large-scale residential development, implementation costs may be required to cover the purchase of additional vehicles and setting up new or extended rounds. Contributions towards the provision of recycling banks and land to accommodate these will also be required for large development schemes.
- 6.6.4 Under the Environmental Protection Act 1990, Hertfordshire County Council is required to perform the statutory functions of the Waste Disposal Authority (WDA) for Hertfordshire. The WDA is also required to provide facilities in its area where residents may deposit their own household waste free of charge. In Hertfordshire, these facilities are known as Hertfordshire Waste Recycling Centres (HWRCs).
- 6.6.5 As WDA, Hertfordshire County Council is responsible for the disposal of Local Authority Collected Waste (LACW) arising in the county. LACW consists of household waste and commercial waste collected by the ten Borough and District Councils in their role as the Waste Collection Authorities (WCA's) for Hertfordshire and waste collected at the county's HWRCs.
- 6.6.6 To support this disposal function, the County Council manages a network of 17 Household Waste Recycling Centres (HWRC). An increase in population within Hertfordshire as a result of new residential development is likely to require increased investment in waste disposal infrastructure.
- 6.6.7 The impact of additional dwellings on waste management infrastructure will vary depending on the size of the development and its location. Therefore it may be necessary to develop new infrastructure or improve existing infrastructure. For example, should an existing HWRC be identified as having insufficient capacity to accommodate increased usage due to additional dwellings, financial contributions will be identified towards increasing the capacity of the local service provision. This may be achieved through improvements to existing facilities or the development of a new HWRC.

7 HEALTHY COMMUNITIES

Local Plan Policies	Other relevant Strategies & Guidance
<ul style="list-style-type: none"> ➤ SP4: Town Centres, Local Centres and Community Shops ➤ SP10: Healthy communities ➤ ETC3: New retail, leisure and other main town centre development ➤ ETC8: Tourism ➤ CGB2b: Community facilities, services and affordable housing in the Rural Area beyond the Green Belt ➤ HE4: Archaeology ➤ Site-specific policy criteria 	<ul style="list-style-type: none"> ➤ North Hertfordshire Indoor Sports Facilities Strategy and Action Plan ➤ Community Halls Strategy for North Hertfordshire ➤ Hertfordshire County Council Guide to Developer Infrastructure Contributions²³

7.1 Policy context

7.1.1 The NPPF requires us to plan positively for the provision and use of shared spaces, community facilities and other local services to enhance the sustainability of communities and residential environments²⁴.

7.1.2 The Local Plan recognises that the provision of adequate social infrastructure is essential to the successful delivery of the levels of growth over the plan period. Social infrastructure encompasses a range of facilities, including but not limited to: health services, educational facilities, libraries, arts and cultural facilities, community facilities, and indoor sports and leisure facilities.

7.1.3 Local Plan Policy SP10 Healthy communities states that the Council will work with

- Hertfordshire County Council as the Local Education Authority, as well as other education providers to ensure sufficient school places to meet the needs of the population. This includes nursery, primary, secondary and sixth-form education along with special needs services and facilities;
- the NHS Trust and Clinical Commissioning Groups (CCGs) and other relevant providers to ensure that adequate healthcare facilities are available; and
- Other providers to deliver appropriate levels of new community, cultural, leisure and built sport and recreational facilities.

²³ Hertfordshire County Council Guide to Developer Infrastructure Contributions, <https://www.hertfordshire.gov.uk/about-the-council/consultations/environment/draft-developer-contributions-guide-consultation.aspx>

²⁴ NPPF Paragraph 92

- 7.1.4 Policy ETC8 Tourism sets out that planning permission will be granted where development increases attractiveness of the District as a tourist destination and delivers sustainable tourist and visitor attractions in appropriate locations.
- 7.1.5 Hertfordshire County Council is responsible for collecting contributions towards a number of the facilities identified in this section. The District Council will be guided by their response(s) in determining measures required to mitigate impacts upon relevant social infrastructure. Hertfordshire County Council Guide to Developer Infrastructure Contributions²⁵ provides an indication of the scale of requests they are likely to make in response to planning application consultations, along with the associated justification.
- 7.1.6 Taken together, requests for social infrastructure are normally the largest single ‘ask’ of applicants on new development schemes. We will have regard to these requests in accordance with the general approach set out in Section 2 of this document. The Council will consider potential for other sources of funding, such as direct funding from Government departments or agencies, when planning new social infrastructure provision.

7.2 Education and early childcare facilities

- 7.2.1 Planning applications, especially those relating to the largest developments will be expected to contribute to education provision serving the development. This may include serviced land as well as financial contributions. Discussions should be undertaken at an early stage with Hertfordshire County Council to ensure appropriate and well located facilities²⁶ can be delivered in a timely way. This includes having regard to the Hertfordshire County Council Guide to Developer Infrastructure Contributions²⁷ to determine the demand for school and nursery places based on forecasted child yield.
- 7.2.2 Where education mitigation is required, the financial contributions from the development will be based on the proposed education project. In some cases, this may require contributions from smaller-scale developments towards new school provision, which will be based on the costs of new school provision. Where a development site includes new education provision on-site, be it expansion to an existing school or a new school, then serviced land will also be required.
- 7.2.3 A number of sites in the Local Plan contain policy requirements to provide land for education requirements arising from (planned developments in) the wider area. In

²⁵ Hertfordshire County Council Guide to Developer Infrastructure Contributions, <https://www.hertfordshire.gov.uk/about-the-council/consultations/environment/draft-developer-contributions-guide-consultation.aspx>

²⁶ Hertfordshire County Council will require a full consideration of the land needed for any proposed school provision, taking into account a range of criteria including flood risk and the gradient of the development site.

²⁷ Hertfordshire County Council Guide to Developer Infrastructure Contributions, <https://www.hertfordshire.gov.uk/about-the-council/consultations/environment/draft-developer-contributions-guide-consultation.aspx>

these instances, requests for financial contributions towards the construction of built facilities on this land will be proportionate having regard to the likely pupil yield of the individual development(s). The balance of funding to deliver the facilities will be derived from other developments in the area or other sources.

7.3 Youth Provision

- 7.3.1 Given that youth work provided by YC Hertfordshire is predominantly delivered from locally accessible buildings and tailored to youth projects, developments may be required to contribute to increasing the services and capacity to accommodate the needs of any additional young people brought about through housing development. This is most likely to create a need for additional buildings or enhancing / improving / developing an existing centre or space.

7.4 Health

- 7.4.1 The largest development sites should make provision for new, on-site healthcare facilities and this will be secured through legal agreements. The East and North Hertfordshire NHS Trust deliver hospital services and GP surgeries and other secondary facilities are primarily managed by the East and North Hertfordshire Clinical Commissioning Group.
- 7.4.2 Requests for health contributions are normally based upon the following standard formula (correct at the time of writing):

Acute healthcare	£2,214.46 per residential unit
Mental healthcare	£194.46 per residential unit
Community healthcare	£182.03 per residential unit
GP / GMS costs	<ul style="list-style-type: none"> ➤ Multiply number of residential units by 2.4 to calculate number of new patients; ➤ Divide number of patients by 2000 to determine number of GPs required; ➤ Multiply number of GPs required by 199 to determine m² of additional space required ➤ Require m² of additional space required by £2,964 to calculate build cost including fit out and fees

- 7.4.3 Providers have identified that many practices still retain extensive paper records at their premises. This is space which could, subject to various considerations, be used to help provide additional patient capacity. Contributions may therefore be sought in future towards the digitising of records and / or offsite storage as a means of releasing additional capacity to meet demands generated by new development. It must however be demonstrated that the space saved can be meaningfully used as additional clinical space and how this new space can be secured through the digitisation project. If internal or external permanent alterations are also required it would be more appropriate for S106 contributions to fund the physical building works rather than the digitisation project itself.

- 7.4.4 For health contributions of less than £250,000 the Council will not require the NHS to be signatories to planning obligations. For strategic sites and any contributions greater than £250,000 the Council will require the NHS to be direct recipients of any funds from developers at payment stage, either as signatories to associated legal agreements or recipients of funds from unilateral undertakings from developers.

7.5 Indoor sports facilities

- 7.5.1 In line with Local Plan policy SP10: Healthy communities the Council will support the retention of existing leisure facilities and require appropriate levels of leisure and sport and recreation facilities to be provided in new development. Where replacement facilities are required by Policy HC1: Community facilities, these will be secured by legal agreement and / or Grampian condition upon the site which is to be redeveloped.
- 7.5.2 New developments will be expected to contribute proportionately towards the provision of additional facilities to meet future demands. The most up to date Indoor Sports Facilities Strategy and Action Plan sets out a series of management and programming actions and this should be used to identify projects for future developer contributions.

7.6 Arts, culture and public realm

- 7.6.1 Arts and culture contributions may relate to museums, arts or heritage assets. Contributions may also be sought for public realm improvements that improve the attractiveness and character of the District (see Section 3.4).
- 7.6.2 It is recognised that a number of the proposed allocations in the Local Plan are extensive greenfield sites. These may yield a significant quantity of archaeological material when they are explored in compliance with Policy HE4 of the plan. This is particularly the case in areas of known historic importance such as the land around Baldock.
- 7.6.3 Contributions may be sought towards new public facilities that allow the preservation and display of archaeological remains, or to deliver improvements to a heritage asset in situ.
- 7.6.4 The Council will seek contributions towards other public realm and public facilities, including public conveniences, where necessary. This is underpinned by policy D1 Sustainable Design that seeks to create or enhance public realm and design-out opportunities for crime and anti-social behaviour.

7.7 Libraries

- 7.7.1 Library provision can range from large central libraries within towns to community libraries, resource centres providing electronic access to services within multi-use buildings and mobile facilities.

- 7.7.2 Hertfordshire County Council has a statutory duty to provide a library service and applicants should have regard to Hertfordshire County Council Guide to Developer Infrastructure Contributions ²⁸ to inform the contributions required.

7.8 Community facilities including Town and Village Halls

- 7.8.1 The Plan's policies seek that appropriate community hall facilities are available and that new facilities are provided where needed as a result of development proposals.
- 7.8.2 The Council will encourage the development and use of such facilities as multi-functional community centres. These can act as 'hubs', offering a range of facilities to support the creation of sustainable communities.
- 7.8.3 The most up to date Community Halls Strategy for North Hertfordshire includes an Action Plan that can be used to inform required developer contributions. Further projects may be set out in Neighbourhood Plans, Parish Council strategies or similar. Engagement with the appropriate Parish, Town or Community Councils should be undertaken.
- 7.8.4 Where new community centres are to be provided within new development, the Council will expect the freehold of the new centre to be transferred to the Council for a nominal fee and for appropriate ongoing management arrangements to be demonstrated.

7.9 Fire and rescue services and community safety

- 7.9.1 Hertfordshire County Council is the Fire Authority and has a statutory duty to ensure that all developments are provided with adequate water supplies for fire fighting as well as provision is made for emergency response arrangements under the Fire and Rescue Services Act 2004²⁹.
- 7.9.2 Legal agreements will be used to ensure that the developer provides fire hydrants based on one hydrant within 90 metres of each property.
- 7.9.3 The provision of adequate water supplies for firefighting purposes e.g. suitable and sufficient water mains and hydrants should be determined at the same time as the water services are planned in detail. This is usually following planning consent.
- 7.9.4 The ability for large-scale developments to be adequately served by fire and rescue services will be assessed on an individual basis. Any impacts will need to be addressed through planning conditions and/ or obligations. This may be through the provision a new fire station or an extension to an existing facility.

²⁸ Hertfordshire County Council Guide to Developer Infrastructure Contributions, <https://www.hertfordshire.gov.uk/about-the-council/consultations/environment/draft-developer-contributions-guide-consultation.aspx>

²⁹ Fire and Rescue Services Act 2004

- 7.9.5 Hertfordshire Fire & Rescue Service on behalf of the Fire Authority would always recommend consideration for the placement of sprinkler systems in all buildings and new developments to form part of an integrated fire safety provision.
- 7.9.6 In line with Local Plan Policy D1 Sustainable Design applicants, should demonstrate that opportunities for crime and anti-social behaviour have been designed-out. Hertfordshire Constabulary will be consulted on planning applications where it is considered that there may be an impact in terms of community safety.
- 7.9.7 Where it is expected that the proposed development will generate a need for extra policing, resources and extensions to or new police buildings, this will be sought through legal agreements.
- 7.9.8 Contributions towards CCTV will be sought on a case by case basis where needed to cover the cost of equipment, installation, maintenance and running costs.

7.10 Information Technology

- 7.10.1 Internet and mobile coverage across the District is generally quite good, though there are pockets where this is not the case, particularly in more rural areas.
- 7.10.2 Most large new developments should be able to plan-in the provision of high quality (superfast) communication infrastructure in consultation with providers. Early engagement is recommended. This avoids the need to retrofit cabling or other required facilities in recently completed schemes. It also increases the saleability of new properties. Where appropriate, we will secure the provision of high-speed connectivity with new development, normally by condition.
- 7.10.3 Hertfordshire County Council have a programme to deliver connectivity to harder to reach areas³⁰. Where development is proposed in an area that currently has a lower quality of coverage, the Council may additionally seek contributions towards wider projects aimed at boosting high-speed communications coverage. This will help to ensure that North Hertfordshire residents have the best possible access.
- 7.10.4 This approach supports the rise in homeworking and the need to manage private vehicle use in accordance with local and county transport policy.

³⁰ <https://www.connectedcounties.org/>

8 NATURAL ENVIRONMENT

Local Plan Policies	Other relevant Strategies & Guidance
<ul style="list-style-type: none"> ➤ SP11: Natural resources and sustainability ➤ SP12: Green Infrastructure, landscape and biodiversity ➤ D1: Sustainable design ➤ Policy NEx: Strategic green infrastructure ➤ NEx: Biodiversity and geological sites ➤ NE4: Protecting open space ➤ NEx: New and improved open space ➤ NE7: Reducing flood risk ➤ Policy ➤ NE8: Sustainable drainage systems ➤ NE9: Water quality and environment ➤ NE10: Water conservation and wastewater infrastructure ➤ NE11: Contaminated land ➤ NE12: Renewable and low carbon energy development ➤ Site-specific policy criteria 	<ul style="list-style-type: none"> ➤ North Hertfordshire Playing Pitch Strategy and Action Plan ➤ A Green Space Management Strategy for North Hertfordshire ➤ Hertfordshire Rights of Way Improvement Plan ➤ NHDC Local Cycling and Walking Infrastructure Plan (LCWIP)* ➤ Planning for biodiversity and the natural environment in Hertfordshire: guiding principles ➤ Hertfordshire Biodiversity Action Plan ➤ Hertfordshire County Council Guide to Developer Infrastructure Contributions³¹ ➤ Therfield Heath SSSI Mitigation Strategy* ➤ North Hertfordshire Green Infrastructure Strategy ➤ NHDC Green Space Action Plans (various) ➤ Strategic Flood Risk Assessment Update (2016) ➤ Affinity Water Draft Drought Management Plan 2017 ➤ Hertfordshire Renewable and Low Carbon Energy Technical Study ➤ Thames and Great Ouse River Basin Management Plan

*Forthcoming

³¹ Hertfordshire County Council Guide to Developer Infrastructure Contributions (...TBC...) <https://www.hertfordshire.gov.uk/about-the-council/consultations/environment/draft-developer-contributions-guide-consultation.aspx>

8.1 Policy context

- 8.1.1 The NPPF identifies that access to a network of high quality open spaces is important for the health and well-being of communities³². It also seeks to minimise impacts on, and provide net gains for, biodiversity and advocates a proactive approach to mitigating and adapting to climate change³³.
- 8.1.2 Open spaces are a defining feature of North Hertfordshire and provide a valuable resource for recreation, sports and culture. The quality of the open spaces is critical to ensure that active lifestyles can be promoted.
- 8.1.3 The Local Plan contains a range of policy requirements relating to open space and the natural environment which, collectively, seek the provision and retention of a network of quality spaces.
- 8.1.4 These policy requirements are supported by a breadth of supporting strategies produced by the District Council, County Council and other bodies.

8.2 Biodiversity

- 8.2.1 Where biodiversity measures are provided in, or otherwise associated with, a development (e.g. through the provision of natural or semi-natural greenspace), a long-term maintenance and management plan will be required having regard to the advice provided in relation to open spaces above.
- 8.2.2 Similarly, planning conditions and legal agreements will be used to set out the required biodiversity mitigation measures (including during the construction phase) or as a last resort, compensation, as required by Policy NEx Biodiversity and geological sites.

8.3 Therfield Heath SSSI Mitigation Strategy

- 8.3.1 Therfield Heath is a popular destination for recreational walkers at the west of Royston. This site is also a Site of Special Scientific Interest (SSSI). It is necessary to manage recreational disturbance to protect the notified features of the site.
- 8.3.2 The Council is working with Natural England and the heath's Conservators to develop a planning mitigation strategy to inform new developments within the SSSI's identified Zone of Influence (ZOI). Sites within the ZOI may be required to make appropriate contributions towards projects or approaches identified in the Strategy, or any other management strategy (or equivalent) produced for this area.
- 8.3.3 This approach may require schemes to make provision for and / or contributions towards:
 - Enhanced open space provision within the development scheme;

³² NPPF Paragraph 96

³³ NPPF Paragraphs 149 and 170

- Contributions towards provision or projects within the SSSI to be delivered in agreement with Natural England and / or the Conservators of Therfield Heath;
- Alternate recreation provision or projects within Royston and the surrounding area that provide alternate open space, leisure routes and / or recreational opportunities.

8.4 Open Spaces

General principles and standards

- 8.4.1 Contributions towards new or improved open space are required by the Local Plan. The priority is to secure on-site provision, however the policy recognises that financial contributions may be accepted in certain instances. The Local Plan identifies that long term maintenance and management plans are needed and planning obligations may be used to secure such arrangements. Engagement with the appropriate Parish, Town or Community Council(s) should be undertaken in relevant areas.
- 8.4.2 In determining the amount of open space required on development sites, applicants should have regard to the Council's open space standards. The current standards for on-site open space provision are outlined below. These standards may be updated over time.

2016 Open Space Standards

Type of open space			Standard (per 1,000 persons)
Multi-functional Open Space	Amenity Recreation	Greenspace &	2
	Natural Greenspace	and Semi-Natural	
Provision for Children and Young People			0.57 ²⁹
Outdoor Sports Facilities			1.60
Allotments			0.25

- 8.4.3 For developments where the anticipated unit mix is known, the Council will have regard to the following household sizes when determining the level of open space provision in a particular development. These household sizes have been derived from average household sizes taken from the 2011 Census. Where the unit mix is not known (e.g. at pre-application or outline application stage), an overall occupancy level of 2.4 persons per home will be used.

	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms
Affordable housing	1.3	2.1	2.9	4.0
Private housing	1.4	1.8	2.5	3.0

- 8.4.4 All schemes should have regard to these standards as a guide when proposals are developed. The open space standards should not be treated as a cap for open space provision. We will encourage provision at above minimum standards wherever possible.

Qualitative criteria: determining the type of open space provided

- 8.4.5 The Council will take a pragmatic approach to the application of the standards and the delivery of new open space. To streamline the open space standards, and to recognise the need to respond to specific site circumstances, the general 'Multi-functional Open Space' category is used. This category includes Amenity Greenspace & Recreation as well as Natural and Semi-Natural Greenspace. Provision can therefore be adapted depending on the site in question, taking into account deficiencies, surpluses and priorities, which will be variable over the plan period and in different locations.
- 8.4.6 It is acknowledged that some types of open spaces can only be delivered at a strategic scale due to the amount of space that would be required and that they may need to be grouped together to ensure the long term management.
- 8.4.7 No standards have been set for the on-site provision of the following types of open space. These are often either strategic in nature, more likely to be provided as standalone facilities and/or provided as part of other forms of open space or landscaping:
- Parks and Gardens
 - Cemeteries and Churchyards
 - Green Corridors
- 8.4.8 Provision towards these forms of open space will be considered on a case-by-case basis having regard to:
- The generated needs arising from the scheme suggested by recognised benchmark guidelines, such as the Fields in Trust standards;
 - Any specific requirements set out in other adopted plans or strategies (such as the Green Space Management Strategy and any associated Action Plans); and
 - The advice in this document

Parks and gardens

- 8.4.9 Parks and gardens includes urban parks (normally with formally laid out paths, planting and / or areas of maintained grass for general amenity and recreation), formal gardens and country parks.
- 8.4.10 Most proposed sites will not be large enough to accommodate a meaningful park or garden on-site or would be served by an existing facility or other strategic-scale open space provision. For this reason, we have not identified a specific standard for new developments. On non-strategic sites, contributions may be sought towards existing facilities having regard to specific projects identified in green space strategies or action plans, Neighbourhood Plans or other relevant documents.
- 8.4.11 Of the largest, strategic sites in the Local Plan, the proposed North of Baldock and East of Luton sites would each generate a requirement of five hectares or more open space provision when considering the Fields in Trust recommended standards and expected occupancy figures. The most appropriate approach to parks and gardens provision on these sites will be negotiated as applications are brought forward having regard to the standards mentioned above and other relevant information.
- 8.4.12 In relation to the remaining proposed strategic sites, provision for this type of open space may be dealt with as set out below and appropriate contributions may be sought towards relevant projects:
- The site North of Letchworth Garden City is located adjacent to the existing recreation ground which could provide opportunities for some more formal provision.
 - The site North of Stevenage would have access to the proposed Forster Country Park (within Stevenage Borough), which would provide strategic scale open space provision.
 - The Land off Mendip Way site in Great Ashby would have access to Great Ashby District Park.
 - The Highover Farm site in Hitchin is smaller in size and residents are likely to make use of existing strategic facilities in Hitchin or Letchworth Garden City.

Provision for children and young people

- 8.4.13 The Council will expect on-site provision for children and young People where application of the standards generates a requirement equal to or exceeding 0.8 facilities. In determining the size of facilities provided on-site, the Fields in Trust recommended facilities sizes should be used. These are as follows:

Type	Minimum size	Minimum dimensions	Buffer zones
LAP*	0.01ha	10x10m (minimum activity zone of 100sqm)	5m (minimum separation between activity zone and the boundary of dwellings)
LEAP	0.04ha	20x20m (minimum activity zone of 400sqm)	20m (minimum separation between activity zone and the habitable room façade of dwellings)
NEAP	0.1ha	31.6x31.6m (minimum activity zone of 1,000sqm comprising an area for play equipment and structures & a hard surfaced area of at least 465sqm (the minimum needed to play five-a-side football))	30m (minimum separation between activity zone and the boundary of dwellings)

*Due to the limited play value of equipped LAPS, the Green Space Management Strategy recommends a provision of amenity green space to the same size.

Outdoor sports facilities and allotments

- 8.4.14 In relation to Outdoor Sports Facilities and allotments, the Council will only seek on-site provision where this would generate a usable quantity of open space for a form of provision for which there is an identified requirement.
- 8.4.15 On strategic sites, where contributions towards sports facilities are provided, the Council will expect the inclusion of Community Use Agreements to ensure that the use of the facilities can be maximised,
- 8.4.16 The most up to date Playing Pitch Strategy and Action Plan sets out a series of management and programming actions and this should be used to identify projects for future developer contributions.
- 8.4.17 For allotments, the Council may accept provision in the form of informal community gardens or landscaping with space for residents to grow food rather than towards the provision of formalised plots, which tend to be grouped together in larger numbers. Where this is the case, a maintenance and management plan should be provided to ensure the long-term quality of such sites.
- 8.4.18 Where on-site provision is not deemed appropriate, financial contributions may be sought towards identified projects.

Payments in lieu towards any type of open space

- 8.4.19 Payments in lieu may be considered where the full amount of required open space cannot be realistically delivered on-site. Financial contributions may be directed

towards the creation of new, or improvements to existing open spaces. This may apply to any type of open space sought.

Management of open spaces

- 8.4.20 Long term management regimes should be demonstrated (such as private management companies secured through S106 Obligations), or arrangements made for a commuted sum to cover the cost of long term maintenance. This is important in light of the Council's current Medium Term Financial Strategy (MTFS), which recognises that significant savings in revenue expenditure in green spaces is required over the coming years. It should also be noted that the Countryside Management Service provides management support to deliver maintenance at many of the countryside sites through 'friends of...' or groups of volunteers.
- 8.4.21 The Council's approach will generally be to not adopt open spaces which are considered a long-term liability to the organisation. In un-parished areas, the Council will normally expect the applicant to make arrangements for a management company to take on responsibility for the ongoing maintenance of areas of open space within the development.
- 8.4.22 In parished areas, applicants should approach the relevant Parish, Town or Community Council(s) at an early stage in the process to determine whether they may wish to adopt any of the open spaces that are planned. If this approach is unsuccessful, a management company will be required as above.
- 8.4.23 Where any open spaces are to be transferred to the District, Parish, Town and / or Community Council(s), the developer will maintain ownership and management responsibilities throughout the construction phase. Upon completion of the development, the space(s) should be transferred. A payment to cover at least ten years maintenance costs will be required. For larger or strategic sites, the ten-year timeframe may be extended.
- 8.4.24 In the event of a legal agreement seeking a transfer of open space to the District Council, the Council will also seek to ensure that the legal / administrative costs of the transfer are secured through the S106 agreement as well as the on-going maintenance charge.

8.5 Flood risk and management

- 8.5.1 Policy SP11 Natural resources and sustainability expects that development is directed at areas of lowest risk of flooding and that Sustainable Drainage Systems (SuDS) and other appropriate measures are in place. Applicants are required to work with the Lead Local Flood Authority (Hertfordshire County Council), the Environment Agency and Internal Drainage Boards at the earliest opportunity.
- 8.5.2 It is expected that any necessary flood mitigation measures are to be provided by the developer through on or off site provisions to make the proposed development acceptable and this will be secured by planning conditions and/or legal agreement.

- 8.5.3 Where SuDS are required, on-going management and maintenance arrangements will need to be demonstrated. All management and maintenance arrangements for SUDs will be at nil cost to the Council and in no circumstances will the Council seek to adopt SUDs schemes as part of a wider open space transfer.

8.6 Waterways

- 8.6.1 Policy NE9 Water quality and environment requires river restoration and resilience improvements where proposals are situated close to a river or considered to affect nearby watercourses. In some instances contributions will be required towards these measures. These may also form part of a programme to deliver biodiversity gains associated with new development.
- 8.6.2 In particular there are a number of rare chalk streams in Hertfordshire. There are only around 200 such streams in the world of which 85% are found in the UK. The Environment Agency has been working with water companies and key partners to improve and restore chalk streams in the area. Contributions may be sought towards appropriate projects.
- 8.6.3 Developments may also need to incorporate improvements in the efficiency of water use, surface drainage systems and pollution prevention measures and such measures will be secured via planning conditions or legal agreement.
- 8.6.4 Applicants should work with the Council, the Internal Drainage Board and the Environment Agency where proposals affect water resources.

8.7 Other forms of Green Infrastructure

- 8.7.1 The subsections above refer to various forms of green infrastructure. However, these are not exhaustive. The provision of open space (in the context of Section 8.4), for example, relates to more formal, and mainly publically accessible, opportunities within settlements or proposed developments.
- 8.7.2 The definition of Green Infrastructure is much broader than this. It includes green spaces outside of settlement boundaries such as areas of woodland, other key habitats or species-rich areas. These may or may not be publically accessible. It also encompasses access links such as the rights of way network, long-distance paths and cycle routes and the broader setting of all of these assets in the landscape.
- 8.7.3 The District's Green Infrastructure Plan identifies a range of potential measures. Where it is reasonable to do so, the Council may also seek contributions towards identified projects in this or any equivalent successor document.

8.8 Water supply and waste-water infrastructure

- 8.8.1 Local Plan Policy SP11 Natural resources and sustainability requires that the water environment is protected, enhanced and managed. The Water Cycle Studies for both the Rye Meads catchment area and Royston identify technical solutions that will be secured via planning conditions and/or legal agreement.

- 8.8.2 The Environment Agency's Catchment Data Explorer should be used to identify contributions that may be required by development proposals towards improvements to water resources.
- 8.8.3 Residential schemes are required by Policy D1 Sustainable design to meet or exceed the optional water efficiency standards. This will be secured by planning conditions and/or legal agreement.
- 8.8.4 Mechanisms for delivering any necessary new or improved water and/ or wastewater infrastructure, including foul water treatment and disposal, may be required via planning conditions and/or legal agreement in accordance with Local Plan Policy NE10 Water Conservation and wastewater infrastructure.

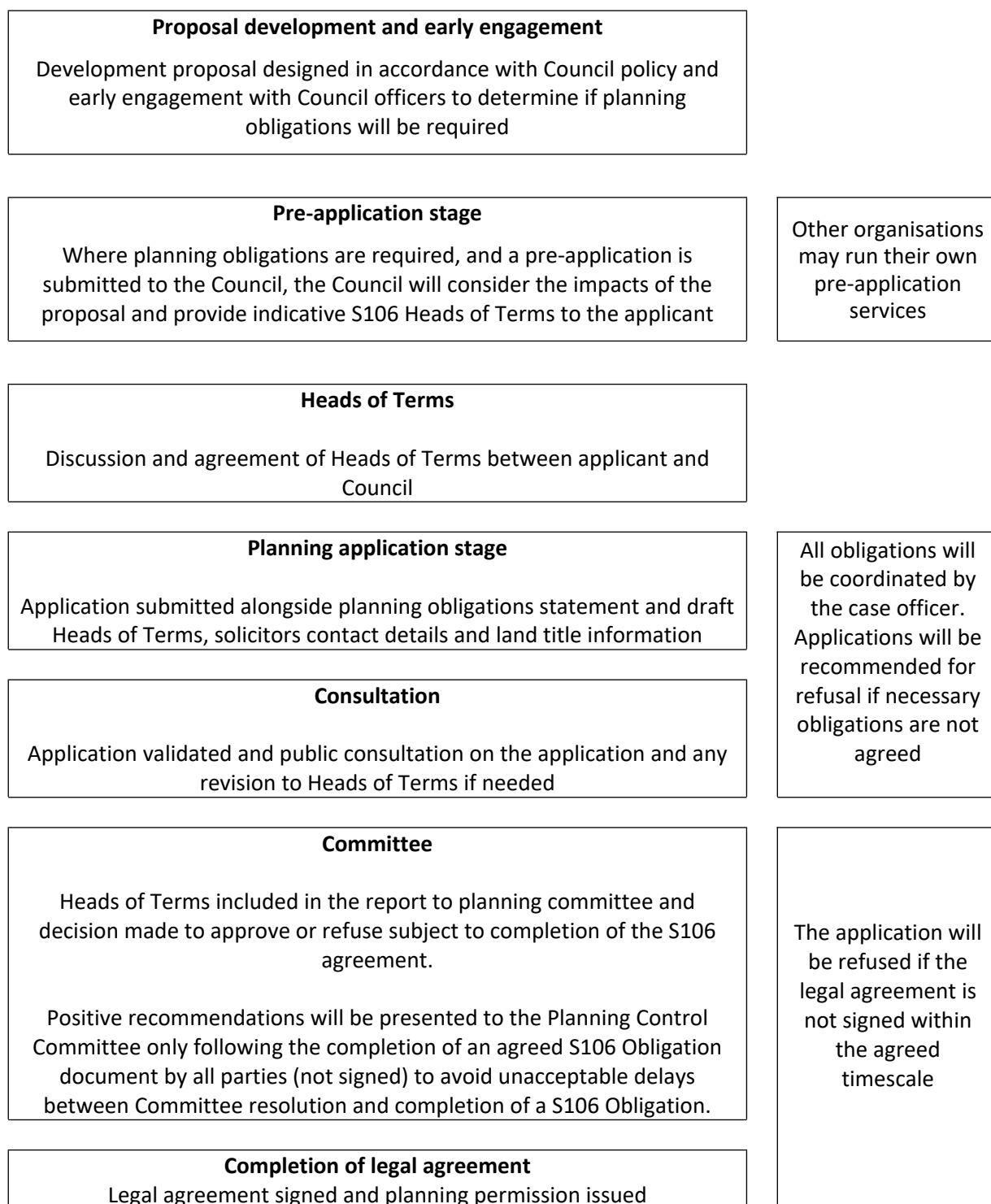
8.9 Development on contaminated land

- 8.9.1 The Council will support proposals that involve the remediation of contaminated land in line with Local Plan Policy SP11 Natural resources and sustainability.
- 8.9.2 Where a contaminated land study/contaminated land risk assessment identifies required remediation works in accordance with Local Plan Policy NE11 Contaminated land, these will be secured through planning conditions and/or legal agreement. Remediation works may include measures to safely manage land contamination before, during and after development.

8.10 Climate change and renewable and decentralised energy

- 8.10.1 Local Plan policy SP11 Natural resources and sustainability supports proposals for low carbon energy and Policy D1 Sustainable design requires development proposals to reduce energy consumption and future proof for changes in technology and lifestyle. In securing such measures relating to design (including materials used) and the use of technology, the Council will use planning conditions and/or legal agreements.
- 8.10.2 Policy NE12 Renewable and low carbon energy development refers to renewable and low carbon energy development comprising wind, wave, tidal, hydro or solar power and biomass fuels. On larger schemes, there may be opportunities for decentralised energy. In line with the National Planning Policy Framework, any impacts of this type of development should be addressed. This may include the use of planning conditions and/or legal agreement to secure any mitigation measures.
- 8.10.3 The Hertfordshire Renewable and Low Carbon Energy Technical Study should be used when considering energy opportunity areas in the District.

Appendix A: S106 process flow-chart



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**CABINET
28 JANUARY 2020**

PART 1 – PUBLIC DOCUMENT

TITLE OF REPORT: PROPERTY ACQUISITION & DEVELOPMENT STRATEGY

REPORT OF THE SENIOR ESTATES SURVEYOR

EXECUTIVE MEMBER: EXECUTIVE MEMBER FOR ENTERPRISE AND CO-OPERATIVE DEVELOPMENT

CURRENT COUNCIL PRIORITY: ATTRACTIVE AND THRIVING / PROSPER AND PROTECT

NEW COUNCIL PRIORITY: BUILD THRIVING AND RESILIENT COMMUNITIES / ENABLE AN ENTERPRISING AND CO-OPERATIVE ECONOMY

1. EXECUTIVE SUMMARY

- 1.1 To seek Cabinet's approval of the Property Acquisition & Development Strategy to Full Council.

2. RECOMMENDATIONS

- 2.1. That Cabinet recommends approval of the Property Acquisition & Development Strategy, including Appendices, to Full Council.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To give effect to the Property Acquisition & Development Strategy so NHDC has in place a clear basis for pursuing property opportunities that are for the purposes of its functions or the benefit, improvement or development of its area.
- 3.2 To put in place a framework of robust and practical guiding principles that apply governance and rigorous appraisal to property acquisition and development decisions by NHDC, in order to safeguard the necessary capital expenditure and taxpayers' resources.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 No reasonable alternative options available.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 NHDC's Political Liaison Board (PLB) was consulted on the draft Strategy on 5th November 2019.
- 5.2 The Executive Member for Enterprise and Co-operative Development has been regularly updated throughout the drafting of the Strategy.

6. FORWARD PLAN

- 6.1 This report contains a recommendation on a key Executive decision that was first notified to the public in the Forward Plan on the 14th November 2019.

7. BACKGROUND

- 7.1 This report introduces the Property Acquisition & Development Strategy with a view to its adoption by NHDC for the next 5 years.
- 7.2 The report summarises the following key elements of the Strategy:
- NHDC's core goal and objectives for property acquisitions and developments.
 - Funding the acquisitions and developments.
 - Risk management and governance.
 - Due diligence.
- 7.3 In addressing these key elements, the report presents the framework for the governance and appraisal of NHDC's property acquisition and development decisions.
- 7.4 Executive Members of the PLB supported the principles of the Strategy. One comment raised advised adding a provision to the Strategy addressing managing potential conflicts of interest. The comment has been acted upon by including a suitable provision early on in the Strategy. The provision requires, from the outset, all those involved in implementing the Strategy, be they Council Members, directors, officers or external advisers, to familiarise themselves with, and abide by, NHDC's Managing Organisational Conflicts in Council Roles & Duties, NHDC's Code of Conduct for Members and NHDC's Employee Conflicts of Interest Policy as appropriate.

8. RELEVANT CONSIDERATIONS

- 8.1 This report focuses on the Property Acquisition & Development Strategy by setting out NHDC's core goal and objectives for pursuing property acquisitions and developments during the next 5 years. See Appendix A for the Strategy. The Strategy builds on the Commercial Strategy previously adopted by NHDC.

- 8.2 The Property Acquisition & Development Strategy's core goal is to secure property opportunities that fulfil NHDC's functions or provide benefits, improvement or development of NHDC's area. The goal is expressed through a set of objectives in the Strategy. By way of example, acquiring property in support of a regeneration programme that generates enterprise and employment is one objective.
- 8.3 It is important the Strategy has a clear goal and set of objectives because these enable NHDC to identify which statutory powers apply to property acquisitions and developments and what funding sources can be deployed.
- 8.4 It is inevitable that NHDC will need to borrow funds to purchase or develop properties at the scale intended. The Strategy makes clear two important legal restrictions on the deployment of borrowed funds:
- (i) NHDC can only use borrowing to acquire or develop property if acquisition or development is for the purposes of any of NHDC's functions or for the benefit, improvement or development of its area.
 - (ii) NHDC cannot borrow to acquire or develop property only for the purposes of achieving net income.
- 8.5 These restrictions will limit the properties that NHDC can purchase or develop with borrowed funds, and significantly limit buying properties outside NHDC's district with borrowed funds other than in exceptional cases. However, the legal restrictions do not necessarily preclude NHDC generating a surplus from property acquired or developed pursuant to the Strategy. Indeed a surplus should be considered a suitable recompense for the level of risk being taken on.
- 8.6 Property acquisition and development offers a range of advantages to NHDC and its community. As well as enabling NHDC to perform its functions or creating benefit, improvement or development of the area, property generally offers stable returns over the longer-term from both rental income and capital value appreciation. Achieving a return on capital is a key requirement in order to ensure that the provision of NHDC's functions or community benefit is sustainable. Property acquisition and development, though, also poses risks. Greater illiquidity is one example of risk. Acquiring and developing property requires careful planning and rigorous evaluation to achieve the core goal and objectives of the Strategy whilst mitigating risk.
- 8.7 This Strategy establishes a robust framework for the identification and safe delivery of suitable property acquisition and development opportunities, in pursuit of the Strategy's core goal and objectives. It sets out a rigorous risk management and governance process and principles for NHDC to safeguard the capital expenditure on property and protect taxpayers' resources.

8.8 The risk management and governance addressed by the Strategy focuses on four fundamentals of property assets to be appraised prior to spending capital or borrowed funds on property. The four fundamentals are listed below:

- (i) Security of capital deployed in acquiring or developing a property asset.
- (ii) Security of income generated from the asset.
- (iii) Liquidity of asset.
- (iv) Management intensity.

8.9 These fundamentals translate as follows:

- Risk of loss of capital.
- Rental income sustainability and growth to ensure capital is used efficiently and viably.
- Cost and time to access the capital through a property disposal.
- Cost and resource implications of managing properties once in NHDC possession.

8.10 The Strategy's risk management and governance requires an appraisal of the yield (return) from properties that are being considered for acquisition or development. Yield gauges a property's ability at meeting the four fundamentals. The Strategy acknowledges no property will simultaneously meet all four fundamentals as they can be mutually exclusive.

8.11 In acquiring and developing property, NHDC will be operating in a highly competitive property market. The Strategy is structured to enable NHDC to pursue suitable properties with the agility and efficacy required in the competitive marketplace.

8.12 An integral component of this agile structure is the Strategy's introduction of the Property Scrutiny Group (PSG). See Appendix B. The PSG comprises a core group of NHDC directors and officers whose main role is to implement the risk management and governance process by:

- Conducting appraisals of property opportunities based on the principles, core goal and objectives of the Strategy.
- Recommending properties to pursue and reject, based on the Strategy.

8.13 The Strategy details the PSG's Terms of Reference, which primarily focus on how the risk management and governance process must be carried out, including:

- The requirement to produce a comprehensive business case on each property acquisition or development recommended by the PSG.

- 8.14 The final key element of the Strategy is due diligence. This outlines the principles for building a property portfolio which:
- Reinforces the four fundamentals of property assets.
 - Is sensibly proportioned and diversified between property sectors to help ensure a balanced portfolio and achieve the Strategy's goal and objectives.
- 8.15 The Strategy does not attempt to recommend a static target apportionment between the different property sectors in building a portfolio. Instead, it prefers a more agile and reliable case-by-case decision-making process based on the risk-return profile of each property sector at the time an acquisition or development is contemplated.
- 8.16 The Strategy emphasises reviewing NHDC's property portfolio in the context of both its existing portfolio and NHDC's Investment Strategy. This is to avoid NHDC becoming over-exposed to any one particular property sector and subjecting its capital, or revenue due to loan repayments, to unmanageable risk.
- 8.17 Continuing the due diligence theme, the Strategy recommends each property opportunity is appraised for selection or rejection based on key qualitative and quantitative asset criteria. Refer to Appendix C. The criteria are placed in a Scoring Matrix where they are assigned a Weighting. See Appendix D. The Weighting is based on the four fundamentals of property discussed earlier and the priority given to them by this Strategy.
- 8.18 In conclusion, the Strategy establishes a practical framework providing NHDC with clear purpose and rigorous governance and appraisal principles for acquiring and developing property. The Strategy will therefore help fulfil NHDC's duty to safeguard the capital, borrowed funds and taxpayers' resources deployed in future property transactions. Annual reviews of the Strategy will help NHDC to uphold this duty.

9. LEGAL IMPLICATIONS

- 9.1 The Local Authorities (Functions and Responsibilities) (England) Regulations 2000 sets out functions that should be undertaken by Council, the Executive, or can be undertaken in conjunction with each other. Regulation 4 covers functions that are not to be the sole responsibility of the Executive, in particular:
- (b)formulating a plan or strategy for the control of the authority's borrowing, investments or capital expenditure or for determining the authority's minimum revenue provision.

As this is a new Strategy which links to the Capital spend programme of up to £20 million, then it potentially falls under Regulation 4, and it is recommended that this Strategy is considered and approved by Full Council.

- 9.2 The main statutory powers acknowledged by the Strategy are listed within the relevant documentation, with detail in Appendix E to this report.

10. FINANCIAL IMPLICATIONS

10.1 Due to legal restrictions in relation to the proposed Strategy, NHDC can only use borrowed funds to purchase properties that are for:

- the purposes of NHDC's functions, or
- the benefit, improvement or development of NHDC's area.

NHDC is precluded from using borrowing to purchase properties that are not for the purposes of NHDC's functions or benefit of its area. These other properties may otherwise provide equally strong or better levels of rental income and financial return.

10.2 Further, the restrictions on using borrowing will significantly reduce NHDC's ability to purchase properties located outside its area. In turn, this will reduce NHDC's ability to diversify its property portfolio, at least by location. Limiting diversification reduces NHDC's ability to spread the risk of its property portfolio by exposing it to the performance of a narrower (locational) market.

10.3 The restrictions, however, do not necessarily preclude NHDC generating a surplus on those properties that it acquires or develops through borrowing for the purposes of its functions or the benefit, improvement or development of its area.

10.4 Property generally offers stable returns over the longer-term from both rental income and capital value appreciation. The latter is achievable on disposal and can only be used for future capital expenditure.

10.5 Capital receipts from property are achieved upon their disposal. The time and cost of disposal depends on the liquidity of property. Realising the capital from less liquid property will take longer and the capital receipt may be suppressed if the property market declines during the marketing period. The higher marketing costs of less liquid property will also need factoring in. These obstacles to disposal will impact on NHDC's plans for recycling the capital realised.

10.6 Acquiring, developing, managing and disposing of properties will incur NHDC costs. Examples are Stamp Duty Land Tax and agent fees.

10.7 Fees and expenses of the external advisers recommended by the Strategy for appraising property opportunities will be incurred. These costs will vary from year to year according to the number and complexity of properties being considered. Funding is currently available from the corporate budget and the general commercial property budget.

- 10.8 The Investment Strategy (which incorporates the proposed Capital programme) includes an allocation of £20 million of capital funding over 5 years, at £4 million per year. Subject to this being approved by Full Council in February 2020, this will provide the funding for the acquisition and development of property. The phasing of this funding will limit the opportunities for larger investments, unless these take place in later use and make use of carried-forward funding. Specific property acquisitions and developments will require approval in accordance with the limits set out in the Constitution and Financial Regulations.

11. RISK IMPLICATIONS

- 11.1 The Strategy acknowledges the risks inherent in acquiring and developing property. The main risks include:

- The value of any property may fall as well as rise. NHDC may fail to recoup its initial capital outlay. Value largely depends on market and economic conditions beyond NHDC's control, but for which the Strategy helps prepare NHDC.
- Rental income may reduce or be delayed, for example during tenant voids or upon tenants defaulting on their rent payment obligations in their leases.
- Void periods may incur direct costs to NHDC including business rates, facilities management, repairs and maintenance, insurance and utilities. Such costs may not be balanced by income during void periods.
- Obsolescence or deterioration may incur unexpected capital expenditure for NHDC.
- No suitable properties may be found within NHDC's area.
- NHDC may require additional resources to manage, and report on, a larger property portfolio.
- Change in law or guidance may further limit NHDC's ability to borrow for the purposes of the Strategy.
- Changes to taxation of property.

- 11.2 The Strategy outlines practical measures to help mitigate risk. These include:

- Acquire across range of property sectors to avoid over-exposure to illiquid property.
- Avoid high yield high risk properties, as likely to signify significant illiquidity.
- Avoid specialist properties and those inflexible for adapting to new tenant markets.
- Avoid acquiring properties subject to onerous conditions or charges.
- Make use of specialist external advice, even though this will cost money up-front

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 Some properties presenting themselves as opportunities may not fully comply with the Equality Act 2010, for example regarding disabled persons' needs. The due diligence process outlined by the Strategy will help ensure such issues are identified prior to the acquisition or development of these properties. It may be prudent to conduct equality assessments when making appraisals of property opportunities.

13. SOCIAL VALUE IMPLICATIONS

- 13.1. The Social Value Act and "go local" requirements do not apply to this report.
- 13.2 Achieving some or all of the Strategy's objectives has potential to generate social value. For example, acquiring property to support or underpin enterprise, employment and public well-being in NHDC's area.

14. HUMAN RESOURCE IMPLICATIONS

- 14.1. The Strategy recommends setting up the Property Scrutiny Group (PSG). This will comprise a core group of directors and officers from NHDC.

15. APPENDICES

- 15.1. Appendix A - Property Acquisition & Development Strategy.
- 15.2 Appendix B - Property Scrutiny Group (PSG): Terms of Reference.
- 15.3 Appendix C - Asset Criteria.
- 15.4 Appendix D - Scoring Matrix.
- 15.5 Appendix E - Statutory Powers & Provisions.

16. CONTACT OFFICERS

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- 16.5 Reuben Ayavoo, Policy and Community Engagement Manager reuben.ayavoo@north-herts.gov.uk; ext 4212.
- 16.6 Kerry Shorrocks, Corporate Human Resources Manager kerry.shorrocks@north-herts.gov.uk; ext 4224.

17. BACKGROUND PAPERS

17.1. None.

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NORTH HERTFORDSHIRE DISTRICT COUNCIL

Property Acquisition & Development Strategy

2020/21 - 2025/26



Introduction

North Hertfordshire District Council's (NHDC) Commercial Strategy outlines the ongoing financial challenges facing the public sector. This Property Acquisition & Development Strategy builds on the Commercial Strategy by setting out NHDC's core goal and objectives for pursuing property acquisitions and developments during the next 5 years. The Strategy's core goal is to secure property opportunities for the purposes of NHDC's functions or property opportunities that provide benefits, improvement or development of NHDC's area. The goal is expressed through a set of objectives in the Strategy. This is part of a continued drive to improve the economic resilience, environmental well-being and social fabric of NHDC's communities.

Property acquisition and development offers a range of advantages to NHDC and its community. As well as the ability to underpin NHDC's functions or the vitality of its district, property generally offers stable returns over the longer-term as it is insulated to an extent from market volatility. Returns are relatively stable since they come from both rental income and capital value appreciation. The latter is realised upon disposal of property and can be used to fund new capital expenditure. Property acquisition and development, though, also poses risks. For example, greater illiquidity makes it harder to access the capital outlay made. Acquiring and developing property requires careful planning and rigorous evaluation to achieve the goal and objectives of the Strategy whilst mitigating risk.

This Property Acquisition & Development Strategy establishes a robust framework for the identification and safe delivery of suitable property acquisition and development opportunities, in pursuit of the Strategy's core goal. It sets out a rigorous governance and appraisal process for NHDC to safeguard the capital expenditure on those opportunities. The Strategy is designed to protect the value of taxpayers' resources.

This Strategy focuses on protecting the long-term security of capital outlay by NHDC, whilst minimising risk to NHDC's capital. The Strategy also aims to help secure positive financial returns wherever possible. The Strategy has regard to the economic, environmental, social and community value of property acquisition and development decisions, for example those that afford NHDC opportunity to influence the amenity and environment of settlements in the district.

The Strategy is structured in a way that enables NHDC to pursue suitable acquisitions and development with the agility and efficacy required in the competitive marketplace. Competition for prime assets is strong, driven by low gilt yields, low borrowing rates and limited new supply.

Finally, this Strategy is aligned with the context of NHDC's Investment Strategy.

Scope of Strategy

The Property Acquisition & Development Strategy focuses on:

- *Direct* acquisitions of property, both buildings and land. *Indirect* acquisitions - be it through property investment funds or property companies - are outside the scope of the Strategy.
- Acquisition of *existing tenanted* properties.
- Acquisition of *value add* opportunities, i.e. properties where additional revenue and/or capital value can be generated from existing properties by:
 - Improved asset management.
 - Repurposing by change of use and conversion.
 - Refurbishment and capital enhancements.
 - Pursuing development potential.
 - Lease regearing*.
- Pursuing value add opportunities for properties already owned by NHDC.
- Acquisitions by *agreement* rather than using compulsory purchase powers.
- NHDC in its capacity as a local authority, not as a trading company.

Statutory powers

The Strategy acknowledges the following important factors:

- The need to identify the relevant statutory powers afforded to NHDC in its capacity of *local authority*, chiefly under the Local Government Act 1972.
- The current restrictions placed on NHDC in pursuing the opportunities of the Localism Act 2011 due to NHDC not having a trading company subsidiary at present.

Appendix 4 outlines the main Acts of Parliament and provisions this Strategy acknowledges.

Conflicts of interest

There is a possibility that those involved in implementing the Strategy may have actual or perceived conflicts of interest, be they Council Members, directors, officers or external advisers. From the outset, all those involved shall familiarise themselves with, and abide by, NHDC's Managing Organisational Conflicts in Council Roles & Duties, NHDC's Code of Conduct for Members and NHDC's Employee Conflicts of Interest Policy as appropriate.

Structure of Strategy

The Strategy addresses eight key aspects of property acquisition and development, as follows:

(1) Property acquisition & development objectives	<i>Page 5</i>
(2) Acquisition & development benchmarks	<i>Page 6</i>
(3) Identifying acquisition & development opportunities	<i>Page 6</i>
(4) Acquisition & development funding	<i>Page 7</i>
(5) Location of acquisitions & developments	<i>Page 8</i>
(6) Risk management & governance	<i>Page 10</i>
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(1) Property acquisition & development objectives

NHDC's primary objectives for property acquisition and development are shown in Table 1:

Primary objectives	Practical examples
<p><i>To identify and pursue property acquisitions and developments that.....</i></p> <p>(1) Underpin or enable any of NHDC's functions and corporate objectives <i>or</i> Benefit, improve or develop NHDC's area.</p> <p>(2) Adhere to the principles of the prudent management of NHDC's financial affairs.</p> <p>(3) Generate a net minimum return of 1.5% per annum above financing costs (interest and Minimum Revenue Provision).</p> <p>(4) Contribute to generation of extra revenue.</p>	<p><i>Acquisitions and developments that achieve and promote the following outcomes will signify achievement of the primary objectives:</i></p> <ul style="list-style-type: none"> • Supporting economic resilience, environmental sustainability or social fabric of NHDC's town centres (perhaps within a regeneration programme, although noting that substantial redevelopment is likely to be outside the funding allocated). • Supporting enterprise, business rates retention, employment growth, place-making and public well-being in NHDC's area. • Refurbishment or conversion of buildings to enhance rental income, environmental credentials and mitigate holding costs. • Reducing NHDC's revenue costs by acquiring freeholds of rented operational property. • Acquisition of property that provides complementary benefits or value synergies for NHDC's existing property portfolio. • Acquisition of property providing secure, long-term income to match NHDC's long-term spending requirements, financial objectives and corporate strategy.

Table 1: NHDC's property acquisition & development objectives

If a property opportunity demonstrates capacity to deliver NHDC's primary objectives, the opportunity will be accepted for further consideration. If not, the opportunity will be rejected.

(2) Acquisition & development benchmarks

Appraising opportunities prior to acquisition and development, and monitoring their performance post-acquisition, will be conducted against a set of agreed criteria, benchmarks and performance indicators.

Sources of data that will aid this process include:

- Local property agents.
- National property companies.
- Royal Institution of Chartered Surveyors.
- Research by academic institutions.
- Investment Property Databank (IPD).

Because no two properties are identical, data from all sources must be diligently analysed when relating it to a particular property or market. Further, data must not automatically be taken at face value. NHDC will use its property market knowledge and experience and, where necessary, the advice of external independent experts, to sense-check data to ensure accurate appraisals and effective monitoring of acquisitions and developments.

(3) Identifying acquisition & development opportunities

Research

NHDC will look to widen its inclusion on the property mailing lists of local and national property agents and auctioneers. NHDC will build its relationships with the property agency fraternity to increase awareness of potential opportunities.

NHDC will also need to allocate personnel to frequently contact agents and auctioneers and to scour property media and research so opportunities can be assessed in good time. This will assist in formulating realistic, robust and competitive bids for suitable acquisition or development opportunities.

(4) Acquisition & development funding

Funding sources

Aside from grant funding that may be obtained, NHDC's Investment Strategy will decide how acquisitions and developments are funded.

Specific sources of funding might include:

- Central government, for example Homes England*.
- Hertfordshire Local Enterprise Partnership (LEP).
- Local Government Association (LGA) for grant funding independent expertise.
- Collaborative (joint) ventures with other public sector bodies, perhaps through the One Public Estate initiative.
- Joint ventures with housing associations or private sector organisations to share the risk of borrowing (particularly where synergistic value can be tapped).

NHDC can borrow to acquire and develop property for the purposes of NHDC's functions or for the benefit, improvement or development of its area. In its capacity of local authority, NHDC cannot borrow to acquire or develop property only for the purposes of achieving net income. However, this does not necessarily preclude NHDC generating a surplus from property acquired or developed pursuant to the Strategy.

NHDC shall have regard to CIPFA's* Prudential Code* in funding property acquisitions and developments, demonstrating value for money in borrowing and ensuring the security of such funds. To ensure prudent management of its financial affairs, NHDC shall ensure any borrowing costs can be serviced from the additional income generated from assets acquired.

(5) Location of acquisitions & developments

Location scope

As a local authority, section 120 of the Local Government Act 1972 permits NHDC to acquire property by agreement, both inside and outside its area, where the purposes of that acquisition is for:

- any of its functions under this or any other enactment, or
- the benefit, improvement or development of its area.

Further, section 120 permits NHDC, as a local authority, to enter agreements with other local authorities to acquire property on behalf of both or all of them in accordance with arrangements made between them. Those authorities can also make arrangements as to the subsequent occupation and use of the land.

Few opportunities are envisaged to arise *outside* NHDC's area that will underpin or enable its functions and benefit its area. Such opportunities are likely to be limited to those immediately adjacent to NHDC's area. Examples include sites that can be assembled with land already owned by NHDC to promote a viable development or marriage value, for the benefit of NHDC's area.

Suitable property opportunities that do arise outside NHDC's area must be assessed prior to acquisition or development for their advantages and disadvantages. Advantages may include:

- Diversification of risk by acquiring in more than one location.
- Reduced concentration in a single market lessening the chance of NHDC establishing a buyer monopoly market failure.

Disadvantages may include:

- NHDC crowding out another local authority's ability to acquire in its own area.

To help address this disadvantage, collaboration or an alliance agreement between NHDC and other local authorities is encouraged by this Strategy, in accordance with Section 120 of the Local Government Act 1972.

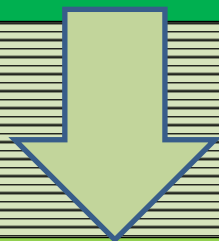
Sequential approach

Where NHDC has a choice of location in which to acquire or develop property, NHDC will prioritise its district. Table 2 on the next page explains this approach further.

A: NHDC's district

*Property acquisitions and developments in NHDC's district prioritised over other locations.
Reasons include:*

- Helps stimulate and support the viability and vitality of local areas.
 - Supports a local economic multiplier effect.
 - Supports business rates retention for NHDC's district.
 - Helps reduce property management costs.
- Familiarity with local property market strengthens acquisition and development decisions.



B: Outside NHDC's district

Property acquisitions and developments outside NHDC's district will be considered when:

- Opportunities arise for land assembly with NHDC's existing portfolio to enhance function/value/income.
- Opportunities arise for joint acquisitions, ventures or partnerships with bodies whose functions or strategic objectives align with those of NHDC, to spread acquisition costs/risk and promote economies of scale. For example:
 - Hertfordshire Property Partnership members.
 - One Public Estate members.
- Opportunities arise to invest in properties that directly/indirectly benefit NHDC's district.

Table 2: Priority of location

(6) Risk management & governance

Background

As a local authority, NHDC is required to be prudent with its financial resources and funds. Prudence is attained by upholding its treasury management principles. Statutory guidance issued by the Ministry of Housing, Communities & Local Government (MHCLG) has broadened the scope of treasury management principles. NHDC is required to assess the security, liquidity and yield of its capital assets that it holds for purposes other than service delivery.

- (A) **Security:** how safe is the underlying capital deployed in an asset. This depends on the susceptibility of assets to value and market condition movements.
- (B) **Liquidity:** how easy is it to access the capital. This depends on time to sale, probability of sale and the costs associated with transacting.
- (C) **Yield:** the income return on an asset, such as the rental income or interest received from holding a particular asset.

The statutory guidance also now requires a consideration of the full costs of holding assets, including both revenue and capital maintenance. It encourages taking a longer term view of this expenditure, i.e. 10 years and beyond.

Four fundamentals of property assets

To reinforce these principles and guidance, NHDC will appraise the quality of all property acquisition and development opportunities against the following four fundamentals.

- ✓ 1. Security of capital.
- ✓ 2. Security of income: *in real and nominal terms*.
- ✓ 3. Liquidity: *ease and cost of disposal*.
- ✓ 4. Ease of management: *ease and cost of managing and holding assets*.

The yield or rate of return of a property acquisition or development reflects the four qualities listed above. Yield is primarily a function of both capital value and rent. Lower yields generally indicate that an asset attracts a lower degree of risk due to factors which include security and regularity of income. Yield will vary according to the market and nature of asset, including its location, tenant covenant and lease terms.

No property acquisition or development will simultaneously satisfy all four fundamentals; each can be mutually exclusive. NHDC officers and decision-makers will therefore need clarity as to which criterion is most important to NHDC when considering each property opportunity. This decision is influenced by NHDC's objectives outlined earlier in Table 1.

Risk expectations

Notwithstanding risk management and governance, NHDC must be aware that directly acquiring or developing property will always incur risk. Risk takes many forms, such as:

- Property is relatively illiquid compared to alternative assets. It can take a long time to sell and realise the capital invested.
- Turbulent property markets and volatile economic conditions can cause capital value depreciation and failure to recoup initial outlay.
- Costs of acquisition, disposal and management. Most if not all costs, such as transaction costs, are unlikely to be recovered if an acquisition or disposal is aborted.
- Rental income streams may be reduced or interrupted, for example during tenant voids or upon tenants defaulting on their rent payment obligations in their leases.
- Void periods may incur direct costs to NHDC including business rates, facilities management, repairs and maintenance, insurance and utilities. Such costs may not be balanced by income during void periods.
- Inflationary spikes eroding rental income and returns in real terms.
- Building obsolescence and physical deterioration may incur unexpected capital expenditure for NHDC. Examples of events that may lead to these are changes in technology and occupier demands, tenants' failure to honour lease repair obligations, and/or new legislation such as regarding energy efficiency.
- Change in law or guidance may further limit NHDC's ability to borrow for the purposes of the Strategy.
- Changes to taxation of property.

Risk parameters

NHDC should appraise property acquisition and development opportunities yielding a net minimum return of above 12% with extra vigilance as such high yields indicate a high risk opportunity. NHDC should choose to prioritise security of capital and liquidity over yield/return.

NHDC should carefully consider and question the rationale of property opportunities that yield below a net minimum return of 1.5%. The return received should reflect the risks involved and the management required.

Illiquidity is an inherent risk in property acquisitions. Measures that NHDC should take to mitigate this and other risk include:

- Acquire across a range of property sectors. This provides opportunity for NHDC to effect sales in the more liquid sectors should this be necessary.
- Assemble a diversified property portfolio in terms of lot size. This enables NHDC to access a breadth of purchaser types, for example small local investors, listed property companies or institutions.
- Acquire modern properties which are designed by building information modelling (BIM) and fully integrated with technology, for example sensors that measure a building's environmental performance. These will help present a property's full service history more transparently, which is expected to support liquidity.
- Avoid high yield high risk properties, as these are likely to signify significant illiquidity, for example leaseholds with fewer than 80 years unexpired.
- Avoid specialist properties, for example those only suitable for a narrow segment of the occupier market and lacking flexibility to adapt to a wider market without significant capital expenditure.
- Avoid acquiring properties subject to onerous conditions or charges, for example overages or restrictive covenants.
- Make use of specialist external advice.

Risk to NHDC will be assessed both on an individual asset basis and on a cumulative basis which considers the interaction of asset risks on the portfolio.

Contingency funds

By acquiring property, periods will inevitably be encountered when certain properties' rental income is outweighed by their outgoings. Such periods can be expected (for example known lease end date) or unexpected (for example tenant default). Where NHDC receives exceptionally high yields in the early years of an acquisition or development that reflects the risk of a future event then it will consider pooling some of those excess returns into a specific reserve.

NHDC will also consider the risk of reduced income and void holding costs when setting its minimum General Fund balance.

Property Scrutiny Group (PSG)

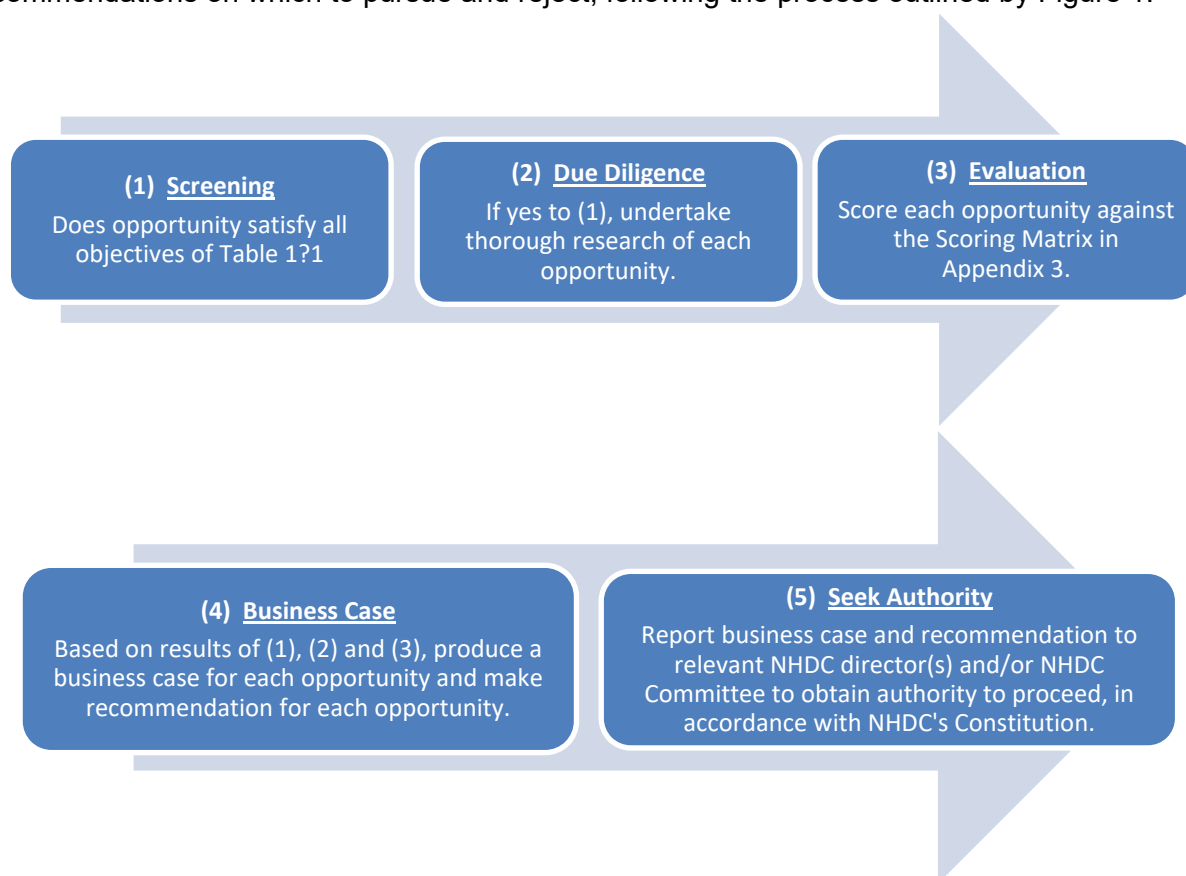
NHDC's PSG will appraise, and make recommendations on, property acquisition and development opportunities. The PSG will base appraisals and recommendations on this Strategy. The PSG will operate within the Terms of Reference of Appendix 1.

The PSG will comprise the following core group of directors and officers from NHDC:

- Service Director: Commercial (*Chair of PSG*).
- Service Director: Resources (*Deputy Chair of PSG*).
- Senior Estates Surveyor.
- Commercial Manager.
- Accountancy Manager.
- Contracts & Property Solicitor.

The group will benefit from skills and experience of professionals across the property, commercial, financial and legal spectrum. External advisers with relevant qualifications, skills and experience will be commissioned as required. In time, specific independent advice may be sought on how and which property acquisitions and developments can be pursued and structured to best advantage upon setting up of a Property Company.

The PSG will consider each property acquisition or development opportunity and make recommendations on which to pursue and reject, following the process outlined by Figure 1.



1 All objectives in Table 1 are deemed mandatory by this Strategy.

Figure 1: PSG process & actions

The Service Director: Commercial reserves the right to consult on recommendations of the PSG with other NHDC directors, the Executive Member for Enterprise and Co-operative Development and the Executive Member for Finance and IT.

All recommendations of the PSG to acquire a property or pursue a development will then be reported to the relevant NHDC director(s) and/or NHDC Committee to obtain authority to proceed, in accordance with NHDC's Constitution. If commercially sensitive or personal information must be conveyed to NHDC directors and Committees to enable full consideration of a property opportunity, this must be reported under Part 2 conditions.

This process will be kept under review to ensure it provides the required level of governance for NHDC whilst also allowing sufficient agility to secure suitable opportunities in the competitive property market.

(7) Due diligence*

Property portfolio

NHDC is aiming to build up a property portfolio that reinforces the four fundamentals of property assets discussed earlier – security of capital, security of income, liquidity and ease of management. For risk control purposes, a proportional portfolio should be aimed for. This is one in which overall capital value and rental income is reasonably balanced across a range of property sectors incorporating a range of attributes.

To help ensure proportionality, diversity and minimum risk when building a property portfolio, regard should be made to NHDC's overall investment portfolio, i.e. including non-property assets.

This will help achieve a prudent risk balance between the four fundamentals, and help secure the core goal and objectives of NHDC that are set out in this Strategy. A proportional and diversified portfolio will help insulate NHDC against turbulence in one specific asset type or sector to avoid this disproportionately impacting on NHDC.

In terms of property sectors, acquisitions or developments across the following sectors will ensure a diversified portfolio:

- Light industrial, including:
 - Warehouse & distribution.
- Offices.
- Retail, including:
 - Trade counters.

- Residential, including:
 - Private homes.
 - Affordable homes.
 - Non-cyclical markets, e.g. senior living and student accommodation.
- Alternatives, for example leisure.

Traditionally, the industrial, office and retail sectors have featured significantly in the portfolios of property purchasers and investors, with a fairly even split between all three sectors.

However, this traditional mix is not recommended by this Strategy. In particular, with retail undergoing structural shifts in demand because of competition from e-commerce and changing consumer shopping habits, allocating a high proportion of overall capital outlay to retail would, it is considered, expose NHDC to excessive risk.

Retail acquisitions should be restricted to retail offering consumer convenience and good customer “experience”, hybrid retail schemes* and retail affording value add opportunities, combined with regenerative benefits. Retail as part of a mixed development with other uses is possible too.

Good quality, accessible industrial/warehouse units with good tenant covenants are benefiting from a sustained demand in and around NHDC’s district. Demand from a better quality tenant base for small to mid-sized industrial, warehouse and delivery hub units is increasing. The shift to online commerce, demand from omni-channel tenants, need for storage and requirement for last-mile logistics space is driving demand. This combined with the limited supply of such units make acquisitions in this sector a reasonable proposition. NHDC should be aware competition for these units from investors is keen as they are increasingly viewing the defensive nature of this asset class as a hedge against economic uncertainty. Further, assets serving the logistics market are not without their own structural challenges such as the rise of autonomous trucks and stock procedures. To accommodate such technological advancements, NHDC may be compelled to spend capital on such assets to maintain their tenant appeal and delay onset of obsolescence.

Regarding residential, it is reasonable to envisage the sustained and growing demand for residential units in and around NHDC’s district coupled with supply imbalance make this a sound acquisition or development proposition for NHDC. Residential schemes can make suitable long-term acquisitions by offering relatively secure, stable, long-term often inflation-linked income streams, with limited void risk. However, the high capital prices of residential assets in NHDC’s area, together with their relatively onerous management needs, significantly suppress available yields. The higher yields are more often associated with residential property schemes offering value add opportunities, for example development or conversion of under-utilised properties, or those with scope to improve asset management.

In general, assets with potential for long-term income or capital value enhancement via asset management, lease regearing or renewals and/or through development will be considered.

Cautionary note on residential property

Despite the benefits of residential property, this Strategy recommends NHDC acquires or develops residential property with extra caution, particularly if it aims to hold and let out that property. As a local authority, letting out residential property can place NHDC at risk of tenants gaining Right to Buy power over the property. If exercised, such power may require NHDC to dispose property at significant discount* to market value. In addition, NHDC can be placed at risk from residential tenants acquiring freeholds from NHDC under enfranchisement legislation. Further, recent government plans to abolish section 21 notices* of the Housing Act 1988 and “no-fault” evictions should also be noted. These plans, if enacted, are positive for residential tenants by increasing their security of tenure. However, they may leave landlords with less management flexibility and place greater onus on ensuring future tenants provide good covenant. Ultimately though, despite the government plans, landlords will still have the liquidity of their asset protected through the right to recover possession on sale.

Apportionment between property sectors

This Strategy does not recommend a static target apportionment of expenditure across the different property sectors. This is because:

- Property opportunities, particularly higher yielding ones such as value add schemes, will not present themselves to the market at regular or fixed intervals. Some years may see many opportunities, others fewer. NHDC needs to be ready to appraise and pursue suitable property acquisitions or developments as and when they arise.
- Where mixed use opportunities arise, the exact proportion of expenditure between the uses will be different for each scheme, influenced by myriad factors such as specific site conditions, planning conditions and scheme viability.
- Market changes and economic volatility, or changes in NHDC’s objectives, can lead to a static target apportionment becoming unfit for purpose. For example, to support the portfolio’s resilience in volatile economic conditions, NHDC should give greater priority and weight to counter-cyclical property sectors*, such as alternative sectors, or to “mission-critical”* properties.
- A static target apportionment may, with the passage of time, fail to satisfy or encapsulate all of the security, liquidity and yield governance requirements.
- NHDC’s overall investment portfolio, i.e. including non-property assets, may change over time. Recommending a static proportion of expenditure in certain property sectors may lead to disproportional concentration in one sector, exposing NHDC to unmanageable risk levels.

Instead, Figure 2 provides an indicative chart illustrating the risk-return trade off for the various property sectors in NHDC's district at present. The proportion of capital outlay that NHDC decides to place into each property sector, or the priority or weight it assigns to any one sector, cannot be prescribed or reliably predicted by this Strategy. This is a decision that NHDC must take each time it assesses potential acquisition or development opportunities, based on assessing each sector's risk-return profile at the time, in pursuit of the Strategy's objectives.

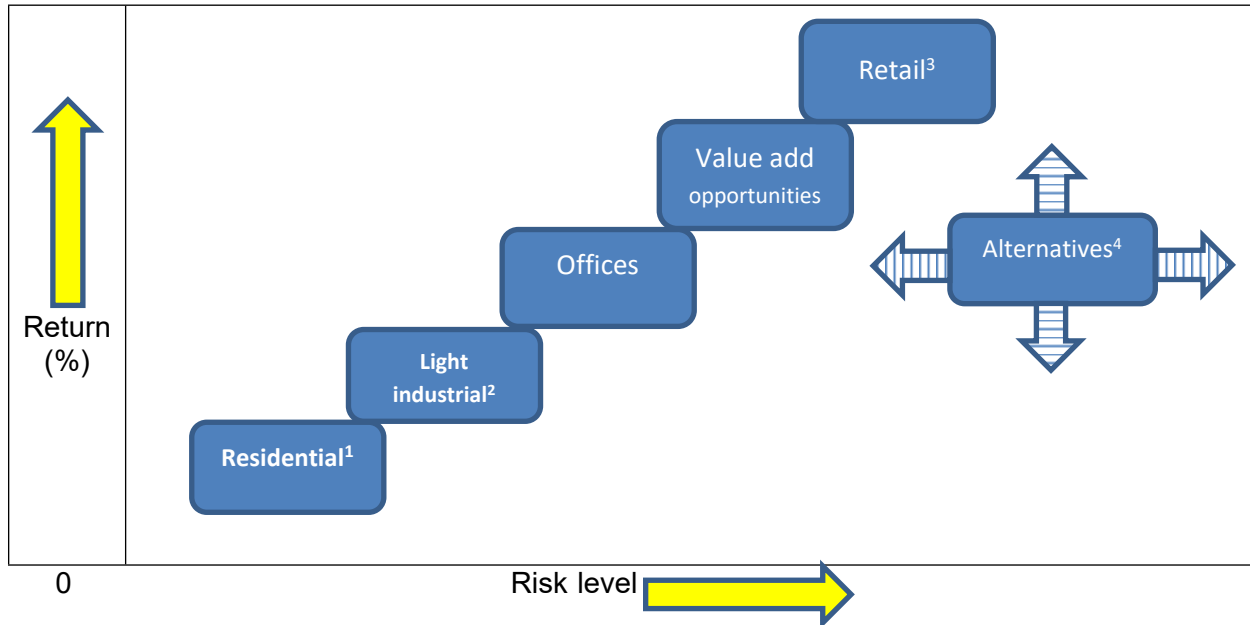


Figure 2: Risk-Return profile of property sectors

1 Primarily refers to private homes, not affordable homes or non-cyclical markets. Disregards Right to Buy risk.

2 Includes warehouse and distribution property.

3 Primarily refers to market town centre-dominant and secondary shopping centres, not trade counters or other retail.

4 Alternatives is a wide category to define, and one often comprising novel property concepts and markets. The risk-return profile of the Alternatives sector is therefore particularly uncertain.

Review of property portfolio

NHDC must frequently review the composition of its property portfolio to ensure it remains proportional and diversified between sectors. The composition should be viewed in the context of NHDC's:

- Existing property portfolio; and
- Investment Strategy.

The purpose is to assess the overall risk-return profile to which NHDC is exposed, in pursuit of the Strategy's objectives. NHDC's existing property portfolio mainly comprises industrial/commercial ground rent investments. These are one of the safest forms of property investment. This allows NHDC a degree of safety margin in acquiring property by providing a stable foundation and balance for an expanding property portfolio.

NHDC should monitor the performance and proportionality of the property portfolio over time and, if necessary, rebalance it in light of market demand and supply movements and their

effect on risk-return. Such movements can be influenced or triggered by a range of factors and stakeholders, including investors, owner-occupiers, tenants, lenders and local/national government. Adjustment of the portfolio will mainly be by property disposals, new acquisitions and lease regearing. Property disposals will be facilitated if the assets have greater liquidity.

Selection criteria

Each property acquisition and development opportunity will be appraised by NHDC against the key qualitative and quantitative asset criteria detailed in Appendix 2, Tables 1 – 9. The criteria are summarised below:

- Location.
- Tenant Covenant.
- Building Performance.
- Lease: Repairing Obligation.
- Lease: Rent Review Mechanism.
- Lease: Length of Occupational Lease.
- Tenure.
- Lot Size.
- Net Minimum Return.

Scoring Matrix

The Scoring Matrix in Appendix 3 enables the relative merits of a property acquisition and development opportunity to be evaluated against the criteria detailed in Appendix 2. The overall score for each opportunity can then be viewed against NHDC's objectives of this Strategy, its benchmarks or alternative opportunities.

Whilst property risk cannot be entirely eradicated, the Scoring Matrix helps to assemble a well balanced and diversified property portfolio across a range of criteria, including location and lot size. In turn, this will support an optimal trade off between risk and return and help NHDC secure the Strategy's objectives.

The Scoring Matrix in Appendix 3 summarises the key property criteria. The overall purpose of the Scoring Matrix is to assess how each opportunity is likely to perform against the four fundamentals of property assets discussed earlier. The four fundamentals are reiterated below, alongside their level of importance in the Matrix:

- ✓ 1. Security of capital
- ✓ 2. Security of income: *real and nominal terms*
- ✓ 3. Liquidity
- ✓ 4. Ease of management.

The asset criteria are assigned a Weighting in Appendix 3. The Weighting scale ranges from 1 (low Weighting) to 4 (high Weighting) and corresponds (inversely) to the level of importance assigned to the four fundamentals, as follows:

- | | |
|--|-------------------------------|
| 1. Security of capital = | WEIGHTING OF <u>4</u>. |
| 2. Security of income: <i>real and nominal terms</i> = | WEIGHTING OF <u>3</u>. |
| 3. Liquidity = | WEIGHTING OF <u>2</u>. |
| 4. Ease of management = | WEIGHTING OF <u>1</u>. |

Where an asset criterion addresses two or more of the fundamentals, it is assigned an additional Weighting according to the level of importance of those other fundamentals.

So, for example, the criterion of *Tenant Covenant* addresses the highest level fundamental of **Security of capital**, plus the second most important fundamental of **Security of income**, plus the third most important fundamental of **Liquidity**, and the fourth most fundamental of **Ease of management**. *Tenant Covenant* is therefore assigned a Weighting of 10 (4 for Security of capital + 3 for Security of income + 2 for Liquidity + 1 for Ease of management).

Further, the Scoring Matrix scores the quality or performance of a property opportunity against each asset criterion. A score of 5 is awarded for those that have “Excellent” quality or performance, down to 1 for “Marginal / Not Acceptable”.

The Weighting and the quality score are then multiplied together for each property opportunity. Those opportunities that meet the threshold score weighting of 207 will then progress to be subject to a business case by the PSG.

Property research

Due diligence of properties considered for acquisition or development will include the essential background research and enquiries to fully understand the legal, financial, commercial and constructional circumstances and prospects of each property.

Timeframe & frequency

This Property Acquisition & Development Strategy is aimed at the next 5-year period. The Strategy will be kept under annual review by the PSG during this period, paying particular attention to the following influential factors:

- Material changes in property market dynamics, particularly retail sector.
- Material changes in the economy, such as the Brexit outcome.
- Legislative developments, in particular property energy performance regulations.
- General permitted development rights in Town & Country Planning.
- Advancements in “proptech”, for example use of artificial intelligence to improve the efficiency of pre-acquisition due diligence.
- Changes in NHDC’s objectives.
- NHDC’s staffing resource requirements, to ensure continued effective operational and risk management of an expanding property portfolio.
- The setting up of a trading company subsidiary to NHDC. No such company currently exists but if one was established this may widen the scope of property opportunities that can be pursued.

Glossary

Terms in this Strategy highlighted by an asterisk (*) are defined or explained below.

CIPFA: Chartered Institute of Public Finance and Accountancy.

Counter-cyclical property sectors: Those less exposed to the changing fortunes of the economy.

Discount: Local authority Right to Buy sales averaged a 42% discount from selling price in 2017/18 in the UK, based on latest available data. Source: MHCLG.

Due diligence: An investigation or audit of a potential property acquisition or development to confirm all facts, including the review of financial records. Refers to the research carried out before entering into an agreement or a financial transaction with another party.

Homes England: Homes England is the non-departmental public body that funds new affordable housing in England. Founded on 1st January 2018 to replace Homes and Communities Agency (HCA).

Hybrid retail scheme: Retail property comprised of retailers operating in the bulky goods and food sectors.

Mission-critical properties: Properties whose availability, as a factor of production, is critical to the success of a business. Examples are a manufacturing plant that produces the goods that generate a significant element of the tenant's profits, or a research & development laboratory of a pharmaceutical firm.

Prudential Code: A framework produced by CIPFA supporting local strategic planning, local asset management planning and proper option appraisal. Objectives of the Prudential Code are to ensure capital investment plans of local authorities are affordable, prudent and sustainable.

Regearing (as in lease regearing): A lease regear replaces one lease with a new one, on renegotiated terms. The landlord and tenant are free to do this at any time which may be desirable when the parties' commercial objectives may have altered in recent years.

Section 21 notice: A section 21 notice under the Housing Act 1988 is a "no fault" notice. This means that a landlord of a residential property can ask a tenant to leave after the fixed term of the tenancy has ended without giving a reason.

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APPENDIX 1:

Property Scrutiny Group (PSG):
Terms of Reference



Membership

The Property Scrutiny Group (PSG) will comprise the following core group of directors and officers from North Hertfordshire District Council (NHDC):

- Service Director: Commercial (*Chair of PSG*).
- Service Director: Resources (*Deputy Chair of PSG*).
- Senior Estates Surveyor.
- Commercial Manager.
- Accountancy Manager.
- Contracts & Property Solicitor.

All members of the PSG will be required to:

- Read NHDC's Property Acquisition & Development Strategy, including appendices, prior to discharging their collective role.
- Where required, appoint external advisers with appropriate qualifications, skills and experience.

Role

General

The PSG will:

- Operate within these Terms of Reference.
- Conduct appraisals of property acquisition and development opportunities based on the principles, core goal and objectives of the Property Acquisition & Development Strategy.
- Make recommendations as to which opportunities to pursue and reject, again based on the Strategy.

All recommendations by the PSG require the agreement of a majority of NHDC officers forming the PSG.

Where there is no supporting majority among PSG members, the Service Director: Commercial shall arbitrate and his/her decision to pursue or reject a recommendation will be final. This Director reserves the right to consult on recommendations of the PSG with other NHDC directors, the Executive Member for Enterprise and Co-operative Development and the Executive Member for Finance and IT.

Production of business case

Where the PSG recommends pursuing an acquisition or development opportunity, the recommendation will be supported by a business case produced by the PSG.

As a minimum, the business case will assess the following:

- Results of due diligence conducted on each property opportunity, including the legal, financial, commercial and constructional circumstances and prospects of each property, and how this affects viability and the four fundamentals of property ownership. Due diligence must consider matters recorded in Land Registry title registers, deeds and terms of purchase.
- Transaction costs (e.g. purchase price, Stamp Duty Land Tax and professional fees).

- Ongoing capital costs of asset (e.g. costs of upgrading or repairing a building during the expenditure horizon, anticipated useful life or holding period).
- Ongoing revenue costs of asset (e.g. borrowing costs, management costs, running costs and holding costs during tenant voids).
- Affordability, including consideration of the Minimum Revenue Provision requirements.
- Opportunity costs of acquisition or development (e.g. the alternative options foregone by deploying capital and revenue on a particular asset).
- Security, liquidity and yield (yield considering transaction costs and any rental concessions).
- Proportionality of the acquisition or development relative to NHDC's existing property portfolio, its Investment Strategy and revenue budget, and how acquisition/development impacts risk exposure.
- Revenue generation and growth from an acquisition (rental income).
- Anticipated capital receipts and capital value movements from an acquisition (e.g. when sold on).
- Resources and expertise to manage acquisitions and developments to generate optimal outcome.
- Risk of loss to NHDC of entering into each property acquisition or development. This assessment should consider several variables throughout the expenditure horizon, anticipated useful life or holding period of the property, including:
 - Purchase price or initial capital outlay (including all directly attributable costs).
 - Fair Value movements and the security that Fair Value provides against loss.
 - Rent level projections.
 - Frequency and length of income voids, including rental concessions like rent-free periods.
 - Tenant financial health and risk of defaults.
 - Level of competition/supply from other schemes and influences on that supply, for example barriers to entry.
 - Tenant demand and influences on demand.
 - Maintenance costs.
 - Property taxes (including VAT).
 - Letting costs.
 - Costs of any borrowing - for example interest rate movements.
 - Management fees.
 - Future refurbishment, component replacement or reconfiguration costs.
 - Mitigation measures - for example tenant guarantors or rent deposits.

A sensitivity analysis to model the effect of movements in value and expenditure is recommended.

- Advantages and disadvantages of acquiring or developing property where the opportunity to do so is located *outside* NHDC's area.

Asset performance monitoring & assessment

The PSG is responsible for monitoring the performance of NHDC's assets following their acquisition or development. The PSG will agree and monitor performance targets and limits for each property and for the property portfolio. As a minimum, these should focus on achievement of the Strategy's objectives, together with focusing on security, liquidity and yield.

The PSG will assess the risk of loss before entering into, and whilst holding, property assets by cash flow modelling the income and expenditure profile of each asset.

This assessment requires continual monitoring of rental income and the lifecycle costs to maintain that income, in order to assess the ongoing security and yield of each asset. The ongoing revenue costs of each acquisition or development will be assessed against the asset's future projected revenue generation to ensure the acquisition or development can achieve the net minimum rate of return.

The PSG will subject the cash flow model to a range of stress tests to check the financial resilience of acquisitions or developments. The resilience will be influenced by the criteria set out in the Scoring Matrix outlined in the Property Acquisition & Development Strategy.

Performance of assets acquired or developed will be appraised and evaluated against benchmark purchases of other stakeholders active in the market, and against market research or commentary.

Fair Value measurements undertaken by the Senior Estates Surveyor and/or external advisers will form a component of the acquisition and monitoring process.

The Senior Estates Surveyor and/or external advisers will inform the PSG of changes in market conditions that pose a risk to the ongoing security, liquidity and yield of assets.

Reporting

All recommendations of the PSG to acquire a property or pursue a development will be reported to the relevant NHDC director(s) and/or NHDC Committee to obtain authority to proceed, in accordance with NHDC's Constitution.

After a property is acquired or development completed, the Service Director: Resources will record the following:

- The contributions each acquisition and development makes in delivering the objectives set out in Table 1 of the Property Acquisition & Development Strategy. This explanation shall reference the Strategy's core goal and objectives, in the context of NHDC's corporate objectives and plans.
- Information to enable quantitative assessment of NHDC's risk exposure resulting from acquisition or development. This is likely to include operating costs and tenant voids.
- Achievement or progress against performance targets and limits for each property or portfolio.
- The assessment by the PSG of the risk of loss to NHDC of entering into each property acquisition or development, detailed earlier.

Contingency & exit planning

The PSG will decide upon measures to address the following issues:

- Risks that arise that may prevent property that is in NHDC's possession from continuing to underpin or enable achievement of NHDC's functions or the benefit, improvement or development of its area.
- Reductions in rental income, for example, due to tenant voids and defaults.
- Delays and costs in securing rental uplifts, for example due to landlord-tenant disputes arbitration.
- Falls in Fair Values.
- Optimum exit strategy. Issues to be addressed here, include:
 - Disposal method to realise best value, or effect the quickest/least cost disposal. Examples are auction or private treaty.
 - Apportionment of lot sizes to achieve optimum disposal price.
 - Capital expenditure to improve marketability of assets, for example to reverse obsolescence or dilapidations.

Strategy review

The PSG is responsible for reviewing the Property Acquisition & Development Strategy annually and updating the Strategy every 5 years.

Frequency of PSG meetings

- *When new opportunities arise:* Property opportunities will be grouped for consideration by the PSG, where appropriate.
- *When performance monitoring & assessment of assets is conducted:* Feedback on the monitoring of assets acquired or developed will take place at least on every annual anniversary of the acquisition or development completing.

Circumstances may dictate more frequent meetings, for example when market events or economic conditions materialise that pose risk to NHDC's properties.

Professional opinion

Acquisition and development opportunities may arise that meet the core goal, objectives and asset criteria of the Property Acquisition & Development Strategy but which may be incompatible with NHDC's objectives outside the Strategy, such as ethical policies. In these circumstances, the PSG will be permitted and required to use its collective professional opinion, judgement and discretion when forming its recommendations on whether or not to pursue acquisition and development opportunities.

Advice & evidence resources

The PSG's appraisals and recommendations will be supplemented by advice from independent external advisers, by other NHDC officers, and by consultation with NHDC's Asset Management Group (AMG), should the PSG members require. Information and evidence cited by the PSG will include:

- Valuations, market appraisals, market commentary and research data.
- Building surveys.
- Lease reviews.
- Energy Performance Certificates.
- Planning advice.
- Searches, including Land Registry investigations.
- Credit agency ratings and references from banks, accountants and previous landlords for assessing rent payment and rent arrears track records, as well as tenant covenant.

External advisers and AMG members are permitted to attend meetings of the PSG and their advice can be incorporated into recommendations of the PSG.

External advisers will be rotated on a 5-yearly basis to uphold quality of advice. Advisers may be retained for longer than 5 years if PSG members agree such extended retention outweighs the potential downsides. External advisers will be required to:

- Sign a confidentiality agreement.
- Read NHDC's Property Acquisition & Development Strategy, including appendices, prior to carrying out their instructions.
- Sign a letter of engagement confirming their understanding and acceptance that they will advise NHDC in the capacity of a local authority where the prime purpose is to deliver statutory services to local taxpayers.

Detailed matters of cost and procurement in commissioning external advisers are outside the scope of these Terms of Reference and the Strategy. These matters will be addressed prior to commissioning external advisers and their attendance at the PSG meetings.

APPENDIX 2:

Asset Criteria



Asset Criteria

Each property acquisition and development opportunity will be appraised by NHDC against the key qualitative and quantitative criteria detailed in Tables 1 – 9 below. Please note the criteria of Tables 2, 4, 5 and 6 do not apply to freehold acquisitions with vacant possession. Care is advised to ensure any decisions made based on the criteria are compatible with the Strategy's core goal and objectives.

<u>Asset criterion</u>	<u>Category</u>	<u>Quality</u>	<u>Details</u>
Location	Inside NHDC's district	Excellent	Underpins or enables any of NHDC's functions; and For benefit, improvement or development of NHDC's area. Acquisition or development secured with collaboration of NHDC and other local authorities.
	Outside NHDC's district	Very Good	Underpins or enables any of NHDC's functions; or For benefit, improvement or development of NHDC's area. Acquisition or development secured with collaboration of NHDC and other local authorities.
	Outside NHDC's district	Good	Underpins or enables any of NHDC's functions; and For benefit, improvement or development of NHDC's area. Acquisition or development secured without collaboration of NHDC and other local authorities.
	Outside NHDC's district	Acceptable	Underpins or enables any of NHDC's functions; or For benefit, improvement or development of NHDC's area. Acquisition or development secured without collaboration of NHDC and other local authorities.
	Outside NHDC's district	Marginal/Not Acceptable	Limited, deferred or no underpinning/enabling of any of NHDC's functions; or Limited, deferred or no benefit, improvement or development of NHDC's area. Acquisition or development secured with or without collaboration of NHDC and other local authorities.

Table 1: Location

Points to consider:

- Location and position will influence the strength and sustainability of underlying occupational demand for property.
- Highly accessible, highly prominent property well served by amenities and infrastructure and close to complementary properties will score higher against this asset criterion than property in more peripheral positions. The former should attract a stronger and more sustained occupier demand than the latter.

<u>Asset criterion</u>	<u>Category</u>	<u>Quality</u>	<u>Details</u>
Tenant Covenant	Single tenant with strong & resilient financial strength	Excellent	<p>Tenant Covenant strength is appraised in terms of financial strength and resilience, and risk of business failure.</p> <p>Credit and Company Reports and, where appropriate, references will be utilised to assess Tenant Covenant.</p>
	Single tenant with good & resilient financial strength	Very Good	
	Multiple tenants with strong & resilient financial strength	Good	
	Multiple tenants with good & resilient financial strength	Acceptable	
	Single/Multiple tenants with average or poor financial strength	Marginal/Not Acceptable	

Table 2: Tenant Covenant

Points to consider:

- Tenant Covenant will influence the security of rental income from property.
- A tenant with a strong and resilient financial strength should mean fewer rent defaults, fewer void periods and lower associated property holding costs. A strong covenant may also support the capital value of the asset and prospects for capital appreciation, for example an anchor tenant.
- To minimise management, single tenant assets will be prioritised over multiple tenanted ones.
- *Note:* Depending on the tenant mix and quality of tenant covenants, multiple tenanted assets may provide NHDC with a better hedge against tenant default and better protection of income streams, compared to single tenant assets. However, management of multiple tenanted assets is more intensive, costly and current resources prohibit the associated increased level of management. As NHDC's property portfolio expands, cost economies may permit investment in expanding manage resource so NHDC can enjoy the superior income security of multiple tenanted assets at no significant additional management cost to single tenant assets. At this point, it may be warranted for multiple tenanted assets to be prioritised above single tenant assets, and realign with the priority given by this Strategy to security of income of assets over management. NHDC should therefore keep Table 2's ordering of categories under review and be prepared to reprioritise.
- An element of tenant covenants operating in counter-cyclical markets should ideally be considered to maximise the robustness of the occupier base and resilience of rental income stream.
- In appraising tenant covenant, consideration of options available to call on tenant guarantors should be considered.

<u>Asset criterion</u>	<u>Category</u>	<u>Quality</u>	<u>Details</u>
Building Performance	Modern or recently refurbished with nominal capex required	Excellent	Building Performance is appraised on a building's exterior and interior quality, including structural fabric, services (such as mechanical & electrical) and energy performance (such as standard of insulation or efficiency of heating systems). All relevant surveys, including Energy Performance Certificates (EPCs), will be consulted to assess Building Performance.
	Good quality with capex not likely to be required until 20 years+	Very Good	
	Good quality with capex not likely to be required until 10 years+	Good	
	Good quality with capex not likely to be required until 5 years+	Acceptable	
	Low quality, older style or non-compliant, with capex likely to be required within the next 5 years	Marginal/Not Acceptable	

Table 3: Building Performance

Points to consider:

- Buildings requiring minimal capital expenditure will help limit service charges, and necessitate fewer occupier voids and occupier inconvenience whilst essential work is carried out.
- Buildings with modern specifications and flexibility and adaptability of construction and layout will be sought. Such buildings will facilitate future-proofing to allow them to respond to fluctuating market, economic and social trends, and to offset obsolescence.
- Sustainability and occupier wellbeing will also be considered under the umbrella of Building Performance as these factors are likely to increasingly influence an asset's performance over coming years.
- Ultimately better building performance helps sustain occupier demand by tapping into key changing social and economic factors, such as demographics and e-commerce growth. In turn, this helps secure long-term rental income and reduces capital expenditure.
- Buildings that perform better in terms of energy efficiency will also assist NHDC in pursuing green environmental and climate change policies.

<u>Asset criterion</u>	<u>Category</u>	<u>Quality</u>	<u>Details</u>
Lease: Repairing Obligation	FRI or effective FRI	Excellent	The nature of the lease repairing obligation will be ascertained by thoroughly reading the lease and any associated documents that may vary or supplement the lease, e.g. deeds of variation or licences.
	IRI – landlord costs 100% recoverable	Very Good	
	IRI – landlord costs partially recoverable	Good	
	IRI – landlord costs not recoverable	Acceptable	
	Landlord responsible	Marginal/Not Acceptable	

Table 4: Lease: Repairing Obligation

Points to consider:

- A Full Repairing & Insuring (FRI) lease places the responsibility for all external and internal maintenance, repairs, decorations and insurance of a property onto the tenant. Under an FRI lease, the landlord has no repairing or insuring liability. An effective FRI lease places the same responsibilities on the tenant but the landlord carries out the works (or commissions them) and is reimbursed for the costs via a service charge levied on the tenant.
- An Internal Repairing Insuring (IRI) lease is where the tenant is responsible only for internal maintenance, repairs, decorations and insurance confined to the internal parts of the property occupied by that tenant. Under an IRI lease, the landlord is responsible for maintenance, repairs, decorations and insurance for the exterior of a property, the structure and the common parts. The landlord's costs may be recoverable from the tenant through a service charge and the arrangements will be contained in the lease. IRI leases are normally granted where buildings are in multiple occupation.
- FRI leases or effective FRI leases will be prioritised over leases that narrow the tenant's repairing obligation.

<u>Asset criterion</u>	<u>Category</u>	<u>Quality</u>	<u>Details</u>
Lease: Rent Review Mechanism	Upwards only, open market, uncapped, short hypothetical term of 5 years or less	Excellent	The nature of the lease rent review mechanism and clause(s) will be ascertained by thoroughly reading the lease and any associated documents that may vary or supplement the lease, e.g. deeds of variation or licences.
	Upwards only, open market, uncapped, hypothetical term of 5 – 7 years	Very Good	
	Upwards only, Retail (or Consumer) Price Index (RPI/CPI) linked, uncapped	Good	
	Upwards only, open market, capped, short hypothetical term of 5 years or less or Upwards only, Retail (or Consumer) Price Index (RPI/CPI) linked, capped	Acceptable	
	Upwards and downwards, open market, uncapped but collared, hypothetical term of 7 years or less	Marginal/Not Acceptable	

Table 5: Lease: Rent Review Mechanism

Points to consider:

- Assets subject to leases allowing maximum rental growth potential in line with open market growth and inflation will be favoured over those which constrain rental income growth.
- All leases should be thoroughly read before acquiring an asset, with particular focus on:
 - The hypothetical term to be assumed by lease rent review clauses. Hypothetical terms should ideally mirror the lease length demanded by the current tenant market for each property.
 - The assumptions and disregards contained in the rent review clauses. For example, if a clause assumes the property can only be used for a narrow range of uses, or disregards the buildings on the site, this is likely to suppress the rental income growth achievable at rent reviews. Such detail may also suppress the capital value of the property realisable on disposal.

<u>Asset criterion</u>	<u>Category</u>	<u>Quality</u>	<u>Details</u>
Lease: Length of Occupational Lease	20 years+	Excellent	The length of occupational lease will determine the longevity of rental income stream. Generally, the longer the term, the more secure the asset.
	Between 15 and 20 years	Very Good	
	Between 10 and 15 years	Good	
	Between 5 and 10 years	Acceptable	
	Less than 5 years or vacant	Marginal/Not Acceptable	

Table 6: Lease: Length of Occupational Lease

Points to consider:

- Assets subject to long occupational leases will be favoured by NHDC as they provide stable income over a sustained period of time to help match the long-term ongoing costs of NHDC in fulfilling its functions and providing frontline services.
- Such assets are sought after by institutional investors to match their long-term obligations to provide pension and insurance funds. Demand for these assets will therefore be intense, particularly as the availability of long-term property investment opportunities in the current property market is reducing.
- Care will need to be taken to investigate whether occupational leases contain tenant break options and the conditions for exercising those options. It is now commonplace in the current market for tenants to require breaks after 3 years or fewer years.
- Security of tenure can increase the appeal of shorter leases to property buyers. This is because, depending on market conditions, such security can command higher rents from tenants.
- However, security of tenure can be less appealing for property buyers where they intend to redevelop, convert, asset manage or otherwise materially alter a property, for example to increase rental income and/or capital value. Sitting tenants may present obstacles to those intentions being implemented. The Landlord and Tenant Act 1954, Part II, and associated case law, requires landlords to meet certain conditions before being able to terminate leases of tenants with security of tenure. Meeting such conditions and lease termination cannot be guaranteed and will involve expense and delay before landlords can implement their intentions for the property.

<u>Asset criterion</u>	<u>Category</u>	<u>Quality</u>	<u>Details</u>
Tenure	Freehold	Excellent	Freehold promotes liquidity, safety of recouping money spent on the asset, and the strength of the asset as security for borrowing. Generally, leaseholds below 80 – 90 years offer less good security for borrowing funds and are less easily assignable/marketable (poorer liquidity) than a long leasehold or freehold interest.
	Long Leasehold of 125 years+	Very Good	
	Leasehold between 100 and 125 years	Good	
	Leasehold between 50 and 100 years	Acceptable	
	Leasehold less than 50 years	Marginal/Not Acceptable	

Table 7: Tenure

Points to consider:

- Property generally appreciates in capital value over the long-term. Acquisitions of freehold, virtual freeholds or long leaseholds will help NHDC benefit from the upturns in the property/economic cycle to compensate for the downturns, and thereby help sustain its functions.
- Purchase of freeholds of properties that are mission-critical to tenants, followed by leasing back to those tenants (sale & leaseback by the tenant), should be given greater consideration for NHDC's portfolio to support the defensive nature of the portfolio's balance.
- Acquisitions should be investigated for any ground rent or other outgoings for which NHDC may be responsible following acquisition.
- If NHDC is taking on an assignment of an existing leasehold interest, the ground rent review clause may have been devised several years ago and lack clarity or commercial business sense in the modern market. Such clauses can be a source of costly and time-consuming disputes. This point should be investigated by legal advisers prior to acquisition.
- The ability to assign and sub-let leasehold interests should be investigated by legal advisers prior to acquisition. Ideally, the ability should be unfettered, i.e. assignment and sub-letting should not be subject to NHDC first having to satisfy pre-conditions or penalties, which could be costly, onerous or incur delay for NHDC. Whilst Landlord and Tenant legislation legislates against unreasonable pre-conditions and penalties, the matter still requires investigating to reduce the chances of encountering disputes.
- Similar comments apply to investigating leasehold interests for the ability to implement change of use and to apply for planning permission.
- Consider the implications of the recently introduced leases standard under International Financial Reporting Standard 16 (IFRS 16). IFRS 16 requires lessees to bring most leases onto the balance sheet from 2019.

<u>Asset criterion</u>	<u>Category</u>	<u>Quality</u>	<u>Details</u>
Lot Size	Between £3 million and £5 million	Excellent	Single acquisitions in the range of £3 million to £5 million are prudent. They will promote a proportional and balanced diversity of capital outlay spread, security of capital, and help limit management costs.
	Between £2 million and £3 million or £5 million and £7 million	Very Good	
	Between £1 million and £2 million or £7 million and £10 million	Good	
	Between £0.5 million and £1 million or £10 million and £15 million	Acceptable	
	Less than £0.5 million or Greater than £15 million	Marginal/Not Acceptable	

Table 8: Lot Size

Points to consider:

- Spending significant funds in a single high value lot carries the potential opportunity cost of preventing the pursuance of a wider range of other assets.
- Conversely, spending smaller funds in numerous smaller value lots may give rise to onerous management issues and costs.
- A balanced risk acquisition and development strategy is likely to be achieved by acquiring several lots priced at between £3 million and £5 million. Spending on this lot size will help avoid the more crowded segments of the property market, with the lower segment targeted by private wealthy individuals, and the higher segment targeted by institutional investors.
- Conflict may arise between the priority Lot Size and the requirement for a proportional property portfolio, both outlined by this Strategy. For example, acquiring an office Lot in the ideal range of £3 million and £5 million may result in a disproportional share of the portfolio being represented by the offices sector. This may create an over-reliance on the offices sector, exposing NHDC to too much risk. Lot Size should therefore not be considered in isolation; it should be considered in the context of the effect on proportionality of portfolio.

<u>Asset criterion</u>	<u>Category</u>	<u>Quality</u>	<u>Details</u>
Net Minimum Return	6.00% to 12%	Excellent	A net minimum return of 1.50% per annum above financing costs (interest and Minimum Revenue Provision) is NHDC's target net minimum rate of return.
	5.00% to 5.99%	Very Good	
	3.00% to 4.99%	Good	
	1.50% to 2.99%	Acceptable	
	Less than 1.50% or Above 12%	Marginal/Not Acceptable	Assets producing a net minimum return of below 1.50% per annum will need to demonstrate other benefits to NHDC if they are to be considered further, e.g. supporting regeneration of towns within NHDC's district. Assets producing a net minimum return of above 12% will need to demonstrate benefits to NHDC to be considered further.

Table 9: Net Minimum Return

Points to consider:

- Net Minimum Return is based on the asset income received and projected less the associated costs. Income can factor in rent concessions, for example rent-free periods. Associated costs include acquisition costs such as Stamp Duty Land Tax and professional fees, the cost of borrowing (where appropriate) and the Minimum Revenue Provision (MRP) regulatory requirements. The net figure (income received minus costs) as a proportion of the capital sum initially spent indicates the return.
- The return reflects the quality of an asset as determined by its location, tenant covenant, building performance, lease terms (including repair responsibility, rent review mechanism and length), tenure and property type/market. Generally, the lower the return, the higher the quality of an asset. In turn, a lower return indicates greater security of capital, greater security of income/growth prospects, better liquidity and easier/lower cost management of that asset.
- NHDC should carefully consider and question the rationale of property opportunities that produce a net minimum return of below 1.5%.
- Assets yielding a net minimum return of above 12% indicate that the security or payback of NHDC's capital outlay on that asset may be at risk. Such acquisitions will only be accepted by NHDC if they stand up to rigorous appraisal.

- Not all properties produce a fixed rental income. Some are subject to turnover rent leases. These often (but not always) comprise a fixed base rent as a percentage of market rental value (commonly 80%) and an additional rent linked to the tenant's turnover (over a period). The turnover rent is rarely guaranteed because it depends on the tenant achieving certain thresholds of turnover. The turnover rent will be subject to change as it will be influenced by a wide range of factors, such as the performance of the market in which the tenant operates. Further, obtaining a full, accurate and verifiable record of a tenant's turnover may be difficult. Further still, disputes may arise between landlord and tenant, especially if the lease is not explicit or contains ambiguity as to how the turnover rent is defined or the triggers for its implementation.
- Turnover rent leases could therefore expose NHDC to uncertainty of income stream and be management intensive. Being a function of income level and security, yield can be significantly influenced by turnover rent leases. In appraising the net minimum return of a property opportunity that is subject to a turnover rent lease, NHDC must bear in mind that the return applicable at purchase may not give a reliable indication of the asset's long-term quality. Such properties are particularly vulnerable to returns changing in a short space of time. The income uncertainty and management cost need factoring in to the return assessment.
- In assessing return or the purchase price to pay for properties that are subject to turnover rent leases, NHDC could adopt several approaches. For example, erring on the side of caution, NHDC may disregard the turnover element and solely consider the base rent. Alternatively, NHDC may take a more risky approach by assuming or forecasting an average turnover rent achievable, perhaps based on past turnover trends achieved by the tenant. The assessment must be adapted on a case-by-case basis. It will depend on factors specific to each property, particularly tenant covenant.
- In assessing return or purchase price, consideration should also be made to other factors affecting income security and growth prospects. Examples are tenant break clauses and rent concessions, such as rent-free periods.

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APPENDIX 3:

Scoring Matrix



<u>Asset criteria</u>	<u>Weighted Score</u>	<u>Excellent</u>	<u>Very Good</u>	<u>Good</u>	<u>Acceptable</u>	<u>Marginal / Not Acceptable</u>
		5	4	3	2	1
Location	10	Inside NHDC's district (see details in Appendix 2)	Outside NHDC's district (see details in Appendix 2)	Outside NHDC's district (see details in Appendix 2)	Outside NHDC's district (see details in Appendix 2)	Outside NHDC's district (see details in Appendix 2)
Tenant Covenant	10	Single tenant with strong & resilient financial strength	Single tenant with good & resilient financial strength	Multiple tenants with strong & resilient financial strength	Multiple tenants with good & resilient financial strength	Single/Multiple tenants with average or poor financial strength
Building Performance	6	Modern or recently refurbished with nominal capex required	Good quality with capex not likely to be required until 20 years+	Good quality with capex not likely to be required until 10 years+	Good quality with capex not likely to be required until 5 years+	Low quality, older style or non-compliant with capex likely to be required within the next 5 years
Lease: Repairing Obligation	6	FRI or effective FRI	IRI – landlord costs 100% recoverable	IRI – landlord costs partially recoverable	IRI – landlord costs not recoverable	Landlord responsible
Lease: Rent Review Mechanism	7	Upwards only, open market, uncapped, short hypothetical term of 5 years or less	Upwards only, open market, uncapped, hypothetical term of 5 – 7 years	Upwards only, Retail (or Consumer) Price Index (RPI/CPI) linked, uncapped	Upwards only, open market, capped, short hypothetical term of 5 years or less or Upwards only, Retail (or Consumer) Price Index (RPI/CPI) linked, capped	Upwards and downwards, open market, uncapped but collared, hypothetical term of 7 years or less
Lease: Length of Occupational Lease	9	20 years+	Between 15 and 20 years	Between 10 and 15 years	Between 5 and 10 years	Less than 5 years or vacant
Tenure	6	Freehold	Long Leasehold of 125 years+	Leasehold between 100 and 125 years	Leasehold between 50 and 100 years	Leasehold less than 50 years
Lot Size	5	Between £3 million and £5 million	Between £2 million and £3 million or £5 million and £7 million	Between £1 million and £2 million or £7 million and £10 million	Between £0.5 million and £1 million or £10 million and £15 million	Less than £0.5 million or Greater than £15 million
Net Minimum Return	10	6.00% to 12%	5.00% to 5.99%	3.00% to 4.99%	1.50% to 2.99%	Less than 1.50% or Above 12%
MAXIMUM WEIGHTED SCORE:		345	276	207	138	69

THRESHOLD SCORE WEIGHTING SET @ 207

Scoring Matrix

APPENDIX 4:

Statutory Powers & Provisions



Statutory Powers & Provisions

NHDC must identify and deploy the correct statutory power(s) to pursue a property acquisition or development opportunity. The primary Acts of Parliament and their provisions acknowledged by the Property Acquisition & Development Strategy are outlined in this Appendix.

Section 111 Local Government Act 1972:

- Provides that without prejudice to any powers exercisable apart from this section but subject to the provisions of this Act and any other enactment passed before or after this Act, a local authority shall have power to do anything (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions.

Section 120 Local Government Act 1972:

- Permits NHDC, as a local authority, to acquire land (including buildings) by agreement for the purposes of:
 - any of their functions under this or any other enactment, or
 - the benefit, improvement or development of their area,whether situated inside or outside NHDC's area.
- Where two or more councils acting together would have power to acquire any land (including buildings) by agreement by virtue of this section, one of those councils is permitted to acquire the land on behalf of both or all of them in accordance with arrangements made between them, including arrangements as to the subsequent occupation and use of the land.

Section 1 Localism Act 2011:

- Confers on local authorities a general power of competence:
 - a local authority has power to do anything that individuals generally may do.
 - to do it in any way whatever, including:
 - power to do it anywhere in the United Kingdom or elsewhere,
 - power to do it for a commercial purpose or otherwise for a charge, or without charge, and
 - power to do it for, or otherwise than for, the benefit of the authority, its area or persons resident or present in its area.

Section 4 Localism Act 2011:

- Set outs limits on doing things for commercial purpose in exercise of general power:
 - The general power confers power on a local authority to do things for a commercial purpose only if they are things which the authority may, in exercise of the general power, do otherwise than for a commercial purpose.
 - Where, in exercise of the general power, a local authority does things for a commercial purpose, the authority must do them through a company.
- Defines “company” as:
 - a company within the meaning given by section 1(1) of the Companies Act 2006, or
 - a society registered or deemed to be registered under the Co-operative and Community Benefit Societies and Credit Unions Act 1965 or the Industrial and Provident Societies Act (Northern Ireland) 1969.

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CABINET 28 JANUARY 2020
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*PART 1 – PUBLIC DOCUMENT

TITLE OF REPORT: REVENUE BUDGET 2020/21

REPORT OF THE SERVICE DIRECTOR- RESOURCES

EXECUTIVE MEMBER FOR FINANCE AND IT

CURRENT COUNCIL PRIORITY: RESPONSIVE AND EFFICIENT

NEW COUNCIL PRIORITY: ENABLE AN ENTERPRISING AND CO-OPERATIVE ECONOMY

1. EXECUTIVE SUMMARY

- 1.1 To consider the draft budget for 2020/21 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 6 February 2020.

2. RECOMMENDATIONS

That Cabinet:

- 2.1. Approves the decrease in the 2019/20 working budget of £200k, as detailed in table 6.
- 2.2. Approves the carry-forward of £88k of budget in to 2020/21, as detailed in table 6.

That Cabinet recommends to Council:

- 2.3. Approves the transfers from reserves to the General Fund as detailed in 8.4.3 to 8.4.4.
- 2.4. Notes the forecast savings target for future years and confirms the approach to balancing the budget, as detailed in paragraph 8.9.4.
- 2.5. Notes the position on the Collection Fund and how it will be funded.
- 2.6. Notes the position relating to the General Fund balance and that due to the risks identified a minimum balance of £2.45 million is recommended.
- 2.7. Approves the savings and investments as detailed in Appendix B.
- 2.8. Approves a net expenditure budget of £14.974m, as detailed in Appendix C.

- 2.9. Approves a Council Tax increase of £5 for 2020/21 for a band D property, with other increases pro-rata to this (as per the Medium Term Financial Strategy)

3. REASONS FOR RECOMMENDATIONS

- 3.1. To ensure that all the relevant factors are taken in to consideration when arriving at the proposed Council Tax precept for 2020/21.
- 3.2. To ensure that Cabinet recommends a balanced budget to Full Council on 6 February 2020.

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 forecast funding gap that needs to be met. This means that currently there are no alternative options available.
- 4.2 In considering the draft budget in December, the Joint Administration made a commitment to continue with a number of new investments, even though these were not required to deliver statutory services. These investments are aligned to the priorities of the Joint Administration. As referred to later in this report, the Joint Administration have committed to a full review of the Council's budget during 2020/21 to ensure that in the medium term a balanced budget will be set.

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 Business Rate Payers will be consulted via e-mail and via the website before the budget is discussed at Full Council on 6 February. Any feedback will be made available at that meeting. This is the only statutory consultation that is required.
- 5.3 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 Executive decision (recommendations 2.1 and 2.2) that was first notified to the public in the Forward Plan on the 11 October 2019.

7. BACKGROUND

- 7.1. The Medium Term Financial Strategy (MTFS), which provides the financial background to the Corporate Business Planning process for 2020-2025, was adopted by Full Council on the 12 September 2019 following recommendation by Cabinet.
- 7.2 The MTFS included a number of assumptions, which have been updated as better information has become available. The final budget still contains some assumptions and this is why monitoring reports are provided to Cabinet on a quarterly basis.
- 7.3 In anticipation of the decline in future funding, the Council has increased the level of general fund reserves. This allows for some cushioning in the delivery of savings.
- 7.4 Significant savings have been delivered in recent years. This means that the opportunity for savings from being more efficient have now generally all been taken. Instead the focus is now on income generation, service transformation, joint working, making best use of capital assets and justifying delivery of services above statutory levels.

8. RELEVANT CONSIDERATIONS

8.1 General Funding

- 8.1.1 The provisional Local Government Settlement was announced on 20 December 2019. This provided the following information on the funding for the Council in 2020/21, subject to there being no changes in the final settlement.
- 8.1.2 As expected, the Settlement confirmed that Negative Revenue Support Grant (RSG) will not be applied in 2020/21. This increases the funding available to the Council in 2020/21 by around £1.1m compared to the original MTFS forecast, which had assumed this reduction in funding. As highlighted in 8.1.4 below, this increase is assumed to be for one year only.
- 8.1.3 It was also announced in the Settlement that the New Homes Bonus (NHB) baseline will be retained at 0.4%. It also confirmed how New Homes Bonus will be phased out over the next three years. In 2020/21, the Council will receive the total of 4 years of bonus payments relating to 2020/21, 2019/20 2018/19 and 2017/18. In 2021/22, however, the Council will receive the total of 2 years of payments (2019/20 and 2018/19) and in 2022/23, the Council will receive the 2019/20 bonus payment only. From 2023/24, there will be no New Homes Bonus received. During the Spring there will be a consultation on a replacement for New Homes Bonus. Given the uncertainty over a funding stream that looks to reward housing growth, over which the Council does not have much control, it is not considered prudent to rely on any replacement for funding core expenditure. The published allocation for 2020/21 of £713k represents a reduction of £271k on funding received for 2019/20. This is due to a combination of fewer properties being built and an extra year of funding where a baseline of 0.4% has been applied. As all future allocations are now based on historic data the Council now knows that it will receive £350k in 2021/22 and £131k in 2022/23.

- 8.1.4 From 2021/22 it is expected that 75% Business Rates Retention and a new Fair Funding Formula will be introduced. In the absence of notification from government, estimates for 2021/22 and beyond assume that the new fair funding formula will build in a reduction equivalent to the amount that the Council was due to lose through the introduction of the negative RSG, as both are essentially a formula that tries to calculate assessed need. Estimates also assume that the Business Rates Baseline total and negative RSG will increase by 2% per year, in line with inflation estimates. Previous estimates have been based on inflation of 3%, but latest information is that 2% is a better estimate of future inflation.
- 8.1.5 The Settlement detailed that District Councils would be able to increase Council Tax up to 2% or £5 for a band D equivalent property (whichever was the higher), without the need for a local referendum. The MTFS sets out that the Council will look to increase Council Tax by the maximum amount possible without the need for a local referendum. In terms of future forecasts it is assumed that the 2% (or £5 for a band D equivalent) will continue to be the maximum increase allowed. The Council Tax income that the Council retains is also affected by the Council Tax base (see 8.2.2 below). It is assumed that the growth in base will be around 1% per year. For 2020/21 (compared to 2019/20) the growth is estimated at 0.97%.
- 8.1.6 Based on the above this gives the following estimates of total general funding:

Table 1- Estimated general funding

2019/20	£000 Funding	2020/21	2021/22	2022/23	2023/24
11,391	Council Tax	11,752	12,122	12,498	12,880
0	Negative RSG (or equivalent)	0	(1,136)	(1,159)	(1,182)
2,682	Business Rates baseline	2,726	2,780	2,836	2,893
984	New Homes Bonus	713	350	131	0
15,057		15,191	14,116	14,306	14,591

- 8.1.7 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. However, as detailed in table 2 below, some of the grant amounts are uncertain. Therefore any reductions in the amounts received are likely to create a spending pressure that would need to be met from the General Fund.

Table 2 - Forecasts in relation to Grant Income

	2019/20 amount £'000	Expectation for 2020/21
Housing Benefit Subsidy	26,898	Initial estimate will be available late January 2020, so budget expectation for 2020/21 is based on the 2019/20 mid year estimate - £26.898million.
Discretionary Housing Payments	209	An announcement is expected in January 2020. Expectation is that the grant level will be similar to 2018/19 - £209k.
Benefits Administration and Fraud Initiative	430	The announcement of these grants for 2020/21 has been delayed by MHCLG. Annual grant values have been subject to reductions in recent years.
Section 31 Grants	1,922	These grants compensate the Council for the impact of Business Rate reliefs and caps. Values have not yet been confirmed by MHCLG and will be influenced by the NNDR1 form submitted at the end of January.
Waste minimisation – HCC contribution via the Alternate Financial Model.	571	As explained in the description of the corresponding efficiency proposal (E11 in Appendix B), a similar total (£551k) is currently anticipated to be received in 2020/21 for recycling performance in 2019/20.
NNDR Administration Grant	176	The cost of collection will not be known until the central government return for business rates (NNDR 1 form) is finalised in January 2020 Assuming a similar level to the 2019/20 level of £176k.
Flexible homelessness support grant	173	MHCLG has confirmed at least the same level of funding for 2020/21 as 2019/20, rather than an exact figure.
Syrian refugee resettlement grant	328	Approximately £310k is anticipated in 2020/21 however the exact amount is dependant on when the two new refugee households actually arrive.
Homelessness Reduction Act - New Burdens Funding.	32	MHCLG has confirmed at least the same level of funding for 2020/21 as 2019/20, rather than an exact figure.
Healthy Hub Grant	18	HCC are funding a two year Healthy Hub project. It is anticipated that around £50k will be drawn down in 2020/21.
Total Revenue Grants	30,757	

8.2 Business Rates and Council Tax Collection Funds

- 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. An estimate is made of the cumulative impact of this and converted in to an equivalent number of band D properties. This is known as the Council Tax Base. The amount of Business Rates that are collected is dependent on the number and type of business premises in the area, the success in collecting what is owed, eligibility for relief and the number and value of successful appeals. Assumptions on these factors are made in forecasting the level of income from Council Tax and Business Rates in future years.
- 8.2.3 Current forecasts are that the Business Rates collection fund will have a deficit at the end of the year. This is due to the level of appeals and rate reliefs. NHDC will need to fund its share of the deficit in the following financial year. The section 31 grant that NHDC receives from Central Government for business rate reliefs and caps will be used for this purpose.
- 8.2.4 It is currently forecast (at the end of month 8) that the Council Tax collection fund will have a marginal deficit at the end of the year, due to an increase in the amount of Council Tax reduction awarded, of which the Council's share is projected to be £55k. A contribution from the General Fund to the Collection Fund of this amount is therefore required in 2020/21. This contribution therefore reduces the total funding amount available next year, as shown in appendix C.

8.3 Business Rate Pilot and Pool

- 8.3.1 For 2019/20, Hertfordshire was successful in becoming a Business Rate pilot. As highlighted when the application was made, this will hopefully mean that the Council is around £800k better off than the baseline position included in the budget estimates, and £400k better off than being part of a pool. This is dependent on the level of Business Rates collected in North Hertfordshire and across Hertfordshire during 2019/20. The forecasts are looking like this estimate could be exceeded but this will not be known until after the end of the financial year. As detailed later in this report, the overall position in 2020/21 is forecast to be a budget surplus and therefore any gains will be reflected in the 2021/22 budget. These gains are a one-off and do not improve the long-term position.

8.3.2 For 2020/21 a Business Rates Pool application has been accepted for Hertfordshire County Council and five other Districts (including North Hertfordshire). This is expected to generate additional funding (of around £400k+) but again this will be one-off. It is not expected that the Council will be able to benefit from pooling arrangements under the new business rates funding system, at least not in the short to medium term. Therefore future forecasts do not include any ongoing gains from this.

8.4 Review of balances and reserves

8.4.1 In setting its budget, the Council needs to consider the level of its reserves. This determines the extent to which the current budget can be supported by the use of reserves, or requires a budget to be set that includes an allowance for increasing reserves. In addition to the General Fund balance, NHDC has specific reserves and provisions. Specific reserves are amounts that are set aside for a determined purpose. This purpose can arise from a choice made by the Council, or where it is felt that there is an obligation. Provisions are where there is a requirement on the Council to meet future expenditure, and a reasonable estimate can be made of the amount and timing. In determining the risks that may need to be met from the General Fund, it is important to know which risks will already be covered by amounts that are set aside as a specific reserve or provision.

8.4.2 A full list of specific reserves and estimated balances is shown in table 2 below.

Table 3- Specific Reserves

Name of Reserve	Purpose of Reserve	Balance at 1 April 2019	Estimated Balance at 31 March 2020	Estimated Balance at 31 March 2021
Funding Equalisation Reserve	As detailed in section 8.9.3	0	68	559
Cemetery Mausoleum Reserve	Held to cover the Authority's obligation to supply Mausoleum niches at the Wilbury Hills Cemetery and is funded from the sale of currently available niches. Still available niches so not expected to be used in the short-term.	161	161	161
Childrens Services Reserve	Part is used to help fund children's play projects in the district and is funded from grant income. Part is previous external funding used for	8	6	0
Climate Change Grant Reserve	Grant awarded to help combat the effect of climate change. Being used for the additional costs (above available establishment) of employing a Trainee Policy Officer working on Climate Strategy. Will be fully used by the end of 2024/25.	28	26	22
Community Right to Challenge Reserve	The one-off grant funding received to recognise the additional burden of the new legislation. The legislation has been in place for 5 years and nothing has transpired, so propose release to General Fund.	45	0	0
Environmental Warranty Reserve	An environmental warranty was provided to North Herts Homes on the transfer of the Housing stock. This was the cost of obtaining insurance which would have only lasted 10 years. There has been no call on the reserve so far, and there might never be. The cost claim could be significantly more than the reserve. To release to	209	0	0

Name of Reserve	Purpose of Reserve	Balance at 1 April 2019	Estimated Balance at 31 March 2020	Estimated Balance at 31 March 2021
	General Fund and create a financial risk.			
Growth Area Fund Reserve	Holds the revenue grant awarded. To be used when progress on the Local Plan so may be used in 2020/21, but may not be until 2021/22.	53	53	53
Homelessness Grants Reserve	To help prevent homelessness in the district. The entire grant is earmarked for different homelessness projects or resources. Reflects that additional grant will be received in 2020/21 and that this will be used first.	262	291	282
Housing & Planning Delivery	Hold unspent Housing & Planning Delivery grant to fund Cabinet approved spending plans in subsequent years. The Authority has also made a commitment to the Local Development Framework and funds are held in this reserve for this purpose. Additional income from the 20% increase in statutory planning fees is also transferred here to fund the development of Planning Services. Future balances will depend on timing of spend and fees received in relation to the 20% increase.	1,142	1,489	Unknown
Information Technology Reserve	To ensure the Authority has adequate resources to purchase hardware and software items when they are required. Plan to use over 2 years for a Uniform software upgrade with improved functionality.	82	47	12
Insurance Reserve	Used to finance potential claims for risks that are not covered by external policies together with higher excesses currently being borne by the Authority. It is good financial practice to have an insurance reserve. The future balances will depend on the claims received and the level of relevant insurance.	34	Unknown	Unknown
Land Charges Reserve	Reserve originally established to help meet the potential cost should the financial risk of the repayment of personal search fees occur. Being used for additional administration costs and software upgrades over 3 years.	94	84	59
Leisure Management Maintenance Reserve	To cover the cost of any future repairs liabilities on the leisure facilities. The Leisure Contract requires a contribution from the Council for maintenance items over £5k, so therefore if funds are not available in the reserve then this would impact on the general fund. Use of the reserve depends on what arises and is therefore unknown.	47	Unknown	Unknown
MHCLG Grants Reserve	Balance of unapplied Section 31 business rate relief grants and pooling gains. Used to fund NNDR Collection Fund deficit contributions and levy payments in future years. Pooling gain of £368k to be released to the General Fund. Balance at end of 2020/21 will depend on NNDR1 return and the levy. To be reviewed during 2020/21 as to how much additional funding can be released to the General Fund, bearing in mind the implications of any Business Rates baseline reset.	1,814	3,318	Unknown
Museum Exhibits Reserve	Funds the purchase of museum exhibits and is funded from donations. Use of reserve will depend on donations and opportunities for acquisitions.	12	Unknown	Unknown
Neighbourhood Plan Reserve	Funds received for neighbourhood Plans from the MHCLG (previously DCLG) have been transferred. The funding has been provided to authorities who received	41	61	61

Name of Reserve	Purpose of Reserve	Balance at 1 April 2019	Estimated Balance at 31 March 2020	Estimated Balance at 31 March 2021
	neighbourhood plans as funding will be needed in future years as plans are developed and public examinations and public referendums are required.			
Office Move IT Works	A reserve to cover the cost of moving cabling between Town Lodge and the other Authority buildings when required.	7	0	0
Paintings Conservation Reserve	Used to help restore paintings. This is funded through donations and publication income. To be used against a list of items that require conservation.	11	11	11
Property Maintenance Reserve	To cover the cost of any unplanned emergency maintenance costs that may occur at any of the Authority's properties. There are revenue and capital budgets for property maintenance so to use these in future and release this reserve to the General Fund.	72	0	0
S106 Monitoring Reserve	To cover the cost of monitoring s106 obligations in future years. Ring-fenced. Future balances are unknown as do not know what new funding will be received.	36	Unknown	Unknown
Special Reserve	Maintained for any special financial pressures such as pump priming for initiatives for shared services, changes in working practice, major contract renewals, unexpected contract variation and other financial pressures. To be retained in the short-term in case of any impacts from carrying out the budget review mentioned in paragraph 8.9.4. Known commitment of £125k in 2020/21.	1,395	1,307	Unknown
Street Furniture	To fund new street furniture as and when required. Rarely used so release to General Fund and reflect costs as and when the need arises.	21	0	0
Street Name Plates	To fund Street Name Plates as and when required. To maintain until Local Plan is adopted and then review.	16	16	16
Syrian Refugee Project	The council has agreed to house 50 Syrian Refugees over five years under the government's resettlement scheme. The scheme is fully funded by the government and the reserve enables the multiple year funding for each household to be maintained for future expenditure associated with their placement in the district, such as housing and support costs. Reflects that additional grant will be received in 2020/21 and that this will be used first.	115	181	181
Taxi Reserve	Any surplus from the taxi service will be transferred to the earmarked reserve where it can be used to offset any future deficit or to fund investment in the taxi service. Expected to be used in 2020/21 for re-marking the taxi ranks and new taxi rank signage, in addition to reviewing the existing taxi rank provision.	13	5	0
Town Centre Maintenance	For the implementation of the Town Wide Reviews and ad hoc town centre maintenance.	45	53	53
Traffic Regulation Orders	An audit was done to identify TRO work to be carried out in the district. However due to other priorities this work was delayed and the budget has been transferred to a reserve, to be drawn down as and when the work is done. To be spent over the next 3 years.	347	395	265

Name of Reserve	Purpose of Reserve	Balance at 1 April 2019	Estimated Balance at 31 March 2020	Estimated Balance at 31 March 2021
Waste Reserve	AFM monies are transferred to help mitigate any potential risk to the waste service, for example the construction of a Northern Transfer Station.	631	650	650
Waste Vehicles Reserve	As repayment of the finance lease principal embedded within the waste contract is funded from the Council's cash reserves, the saving on the revenue account is transferred to this reserve to fund the purchase of vehicles when they next need to be replaced.	253	554	913
Welfare Reform Grants Reserve	Awarded to the Authority for different initiatives or changes relating to Housing & Council Tax benefit scheme. These grants will be used when the initiatives or changes are carried out, and therefore the exact timing of usage is unknown.	190	200	Unknown

8.4.3 The MHCLG grants reserve includes the gain made by the Council from being part of the Business Rates Pool in 2018/19 of £368k. There is no reason for this to be kept in this reserve and it is proposed that this is transferred to the General Fund. The remaining balance in this reserve is the section 31 grants received for Business Rate reliefs, which are used to off-set the shortfall on the Collection Fund and the payment of the business rates levy.

8.4.4 The following other reserves show the balance being reduced to zero. This is because they are no longer needed and the balances will be moved to the General Fund:

- Community Right to Challenge Reserve - release £45k to General Fund
- Environmental Warranty Reserve - release £209k to the General Fund
- Property Maintenance Reserve - release £82k to the General Fund
- Street Furniture Reserve - release £21k to General Fund

8.4.5 As at the 31 March 2019 there was a total of £1.527m held as provisions. These comprised of:

- Business Rates appeals - £1.501m - the NHDC estimated share of outstanding business rates appeals
- Insurance - £0.026m - covers the uninsured aspect of outstanding insurance claims.

8.4.6 NHDC operates with a reserve balance for General Fund activities in order to provide a cushion against unexpected increases in costs, reductions in revenues and expenditure requirements. Guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) suggests that the revenue balances should be set at no less than 5% of net revenue expenditure, having taken account of the risks faced by the Authority in any particular year. As net expenditure is anticipated to be around £15million, this means a minimum balance of about £750k. However as the Council has become more reliant on generating income to set a balanced budget, an additional 3% of budgeted income (excluding Housing Benefit, grants and other contributions) will also be included in determining the minimum level. Income from fees, charges, interest and rentals is forecast to be £11.6m and therefore an additional allowance of £347k will

be added. This minimum figure represents the cushion against totally unforeseen items. When setting the level of balances for any particular year, known risks which are not being budgeted for should be added to this figure, according to risk likelihood.

- 8.4.7 An assessment of the risks has been compiled for the coming year based on risks identified by each Service Director and cross-referenced to the risk register. The identified areas are where the financial impact is not wholly known, but an estimate can be made. The amount allocated is based on the forecast likelihood of occurrence. Where there is a high likelihood, 50% of the estimated financial impact is allowed for. For medium likelihood, it is 25%. For low likelihood, it is 0%. Table 4 summarises the risks, the forecast impact and the risk allowance to be made. A full list of these risks is shown in Appendix A.

Table 4- Budget Risks in 2020/21

Category	Number of Risks	Forecast Value of Impact (£000)	Risk Allowance (£000)
Low	18	5,453	0
Medium	15	1,665	416
High	12	1,870	935
Total	45	8,988	1,351

- 8.4.8 Combining the risk allowance for specific risks and unknown risks means that a General Fund balance of at least £2.45million should be maintained. This is what is recommended by the s151 Officer (Chief Finance Officer).

8.5 Council Resilience

- 8.5.1 In response to the issues faced by Northamptonshire County Council, and concerns over the financial health of other Local Authorities, the Chartered Institute of Public Finance and Accountancy (CIPFA) have developed a financial resilience tool. This uses historic publicly available data to compare indicators of financial stress across similar Local Authorities. The results for NHDC in comparison with other non-Metropolitan Districts for the latest year (2018/19) are shown in the image below.

Image 5- Financial Resilience results



- 8.5.2 The table on the right shows the performance of NHDC in the middle (purple column) against 8 measures. It also shows the minimum and maximum values for the comparator group. Note that it swaps about as to whether minimum or maximum is good (lower risk). The graph on the left shows how NHDC sits (on a ranking basis) against all the Authorities in the comparator group.
- 8.5.3 The purple box at the bottom confirms that we have an unqualified (which is good) assessment from the Council's Auditors in relation to the processes we have in place for delivering Value for Money. This will be the case for the vast majority of Local Authorities.
- 8.5.4 The Reserves Sustainability measure shows the depletion (or addition) to reserves over the last 3 years. It does this by taking the use of reserves over the 3 years as a proportion of the current reserves level and converting this to a ratio. Where reserves have stayed the same or gone up, the ratio is shown as 100. This is the case for NHDC, and this is the lowest risk position. In the medium term, if the Council end up using reserves to balance the budget then this value will drop. Currently the vast majority of the comparator group are in the same position as NHDC (i.e. at 100).
- 8.5.5 The Level of Reserves measure shows total reserves (General Fund and specific) as a proportion of annual net expenditure. This shows that NHDC has a bit more in reserves (108%) than is spent each year. The maximum value that can be achieved has been capped at 300%. This shows that NHDC is relatively high risk, but the key here is that it is in relation to others rather than being an absolute concern.
- 8.5.6 The Change in Reserves measure is very similar to the Reserves Sustainability measure. For NHDC it shows that reserves have increased by 18% over the last three years. This is a low increase in comparison to others, but is not an absolute concern.
- 8.5.7 The next two measures reflect that borrowing money (for whatever purpose) is risky. The Interest Payable / Net Revenue Expenditure measure is skewed for NHDC by an accounting adjustment. As part of the waste contract the contractor provides vehicles to perform the service. Under accounting rules there is a requirement to show these as our assets and an off-setting debt owed. Each year part of the revenue cost of the service is reallocated as a repayment of the debt and a notional interest charge. This notional interest charge does not create a risk to the Council. In future years, the finance team will look at alternative ways to complete the data that the resilience index is based on.
- 8.5.8 For the Gross External Debt measure NHDC has historic borrowing that it could afford to repay, but the premium for doing so does not make financial sense. The risk is comparatively low anyway. Therefore there are no concerns in relation to this measure.

- 8.5.9 The Fees and Charges to Service Expenditure Ratio shows the proportion of total service expenditure that is funded from fees and charges, rather than general funding (e.g. Council Tax, Business Rates). CIPFA assume that more expenditure that is funded from fees and charges equates to lower risk. As fees and charges could be from a volatile income source (e.g. parking income is dependent on usage), the opposite assumption could also be made. NHDC is about in the middle and there are no concerns in relation to this measure.
- 8.5.10 The Council Tax Requirement / Net Revenue Expenditure measure shows the proportion of net spend that is funded from Council Tax, as opposed to other funding sources (e.g. Business Rates, New Homes Bonus). NHDC funds 87% of its spend from Council Tax and this is considered to be relatively low risk. This will be due to the fact that Council Tax is a relatively stable income source, with some inflationary increase allowed. With referendum limits on increases, this is mainly a measure of history and there is nothing that can be done about it now for those that are lower down. It does suggest that the resilient option to pursue is to continue to increase Council Tax by the maximum amount allowed.
- 8.5.11 The Growth above Baseline measure shows actual Business Rate income compared with the Baseline Business Rate level (an assumed amount used in funding formulae that determines how much of the Business Rate income that the Council collects that it can keep). Business Rate income is uncertain, especially with a Baseline reset due. Therefore being above the Baseline is considered to be high risk. NHDC is 61% above the baseline. The Council uses the Baseline funding level to set its budget and treats any income that it can retain above that as a bonus. Therefore there are no concerns in relation to this measure.
- 8.5.12 Overall, it is the Chief Finance Officers view that there are currently no concerns in relation to the resilience index.

8.6 Expenditure Forecasts

- 8.6.1 The starting point for forecasting net expenditure for future years is the previous year's budget, as set in February 2019. This is then adjusted by:
- Any changes since then identified in revenue budget monitoring that have an impact in future years (Quarter 3 2018/19, End of Year 2018/19, Quarter 1 2019/20 and Quarter 2 2019/20)
 - A budget review at the end of November- see paragraph 8.6.2 below.
 - Any relevant decisions made by Full Council
 - Savings (including efficiencies, income generation and service changes) identified in this report at Appendix B.
 - Investments (including increases in service and non-inflationary cost pressures) as identified in Appendix B.
 - Estimates of expenditure (including pay) and income inflation.
 - Any other significant changes, e.g. pension contribution rates.

8.6.2 A review of budgets as at the end of November has been carried out. Table 5 below provides explanations for the variances that are greater than £25k, as well as any budgets where there are carry-forward requests. All other variances are included within the 'other minor variances' line at the bottom of the table.

Table 6- Summary of forecast variances (amounts £000)

Budget Area	Current Working Budget	Forecast Outturn	Variance	Explanation for variance	Carry-forward requested	2020/21 Budget impact
PCN Income	(595)	(664)	(69)	Increase in projected PCN income is based on the level of activity this year. The current full complement of staff in post has meant a greater number of traffic offences being identified and penalty notices issued.	0	0
Area Committee Grants	82	60	(22)	The underspend requested to be carried forward comprises £12.9k for Letchworth, £1.5k for Royston and £7.5k for Southern Rural. This is largely due to fewer grant applications than anticipated being received and also represents grants awarded but not yet released pending evidence of criteria being met.	22	0
Health and Wellbeing Initiatives	21	5	(16)	Service resource and delivery has been affected by staff absence in this year. A carry forward of the unspent budget is therefore requested to deliver a number of projects and services that have been postponed.	16	0
Transport User Forum	50	0	(50)	The inaugural meeting of the Forum has taken place. As resulting work streams and associated expenditure are still to be clarified, this budget is requested to be carried forward.	50	0
Total of Explained Variances	(442)	(599)	(157)		88	0
Other Minor Variances	15,712	15,669	(43)		0	1
Total General	15,270	15,070	(200)		88	1

Budget Area	Current Working Budget	Forecast Outturn	Variance	Explanation for variance	Carry-forward requested	2020/21 Budget impact
Fund						

8.6.3 Budget proposals were put forward for discussion at Group workshops in November. To give the full context, these proposals included both savings and investment proposals. The comments made by the Groups were presented for consideration alongside the budget proposals at the December meeting of Cabinet. The lists of savings and investments agreed by Cabinet at the December meeting are attached at Appendices B and C respectively.

8.7 Revenue effects of capital

8.7.1 The Council incurs some interest costs in relation to historic borrowing for capital purposes. The small cost of this is reflected in budget estimates. If the Council was to take out new borrowing for capital purposes then it would incur revenue costs in relation to interest payments and Minimum Revenue Provision (MRP). MRP is explained in the Investment Strategy report. As identified in the Investment Strategy report, the Council does not need to borrow to fund core capital spend, as it is forecast that this can be funded from existing capital reserves and the generation of new capital receipts. The Council would need to borrow for non-service property development and acquisition. However as it is a requirement of any such investment that the income generated provides a margin above the borrowing costs, the prudent decision has been taken to present this as a net nil revenue cost (i.e. the income is not shown and nor are the borrowing costs). This is because the exact scale and timing of any such investments will depend on the opportunities available.

8.8 Reliability of Estimates

8.8.1 As part of the budget setting process, the Chief Finance Officer is required to comment on the reliability of the estimates made. A prudent approach has been adopted, especially in relation to income where it is only included where there is a high degree of certainty over it being achieved. The main area of uncertainty is in relation to pay inflation, which has been assumed to be 2%. The national pay bargaining process is underway but it is unknown when it will be concluded. The 2% assumption is in line with the majority of Councils, and the allowances made are a factor in where the negotiations will end up. It should however be noted that the Union claim is for a 10% increase.

8.8.2 Overall it is considered by the Chief Finance Officer that the estimates made are reliable. They will be subject to some risk and this is the reason for setting a minimum General Fund balance and carrying out budget monitoring throughout the year.

8.9 Cumulative impact and decisions

- 8.9.1 The cumulative impact of all the estimates described in the previous sections (and recommendations below) is provided at Appendix C. This shows a forecast of funding and net expenditure for the next four years, including the impact on the General Fund balance.
- 8.9.2 This shows a significant budget surplus in 2020/21, but a significant deficit in 2021/22 onwards. The surplus in 2020/21 is mainly as a result of negative RSG not being introduced and the transfer of pooling gains from the specific reserve to the General Fund. The deficit in following years is mainly as a result of both the assumption that negative RSG (or an equivalent reduction in funding) will be introduced and the known reductions in New Homes Bonus.
- 8.9.3 Whilst it might seem perverse to increase Council Tax by the maximum allowed when the Council is forecasting a budget surplus in 2020/21, not increasing it by the maximum amount would reduce the funding available in future years (unless an increase above the referendum limit was then considered) and make the ongoing position (2021/22 and beyond) worse. The proposal is therefore that Council Tax should be increased by the maximum allowed (£5 for a Band D equivalent) and the surplus in 2020/21 is put in to the funding equalisation reserve (along with the balance from this year, 2019/20). This should provide more time to implement the savings that are likely to be required to address the future forecast budget gap.
- 8.9.4 Based on current forecasts the Council will need to reduce its net annual revenue expenditure by over £1.2m. Due to the creation of the funding equalisation reserve proposed above and fairly high General Fund balances, this could be achieved over a four year period. The profile of net savings needed to be delivered would then be £400k in 2021/22, a further £400k in 2022/23 and at least another £400k in 2023/24. This is a net savings requirement and any new investments will increase the level of gross savings required, therefore there is very limited scope for any new investments (unless they are genuinely time-limited). Some of these savings could be delivered from commercial opportunities, including property development and acquisitions. However these can only be built in as savings when there is a known project with a business plan and evidence that it can be delivered. Even then commercial and property income is inherently risky and the Council will need to have a contingency plan as to how it will deal with any shortfall.
- 8.9.5 As a result of the time it can take to implement savings, there is a need to start budget planning early in the new financial year. As the opportunity for any further efficiencies is expected to be very limited, this will include a review of all current spend identifying those areas which are discretionary services or services that are delivered in excess of the statutory requirement. This will be used to identify areas where service changes could be made. There will be public consultation on the results of this to determine which areas of spend residents value the most and therefore areas where service levels can be reduced. However it should be noted that the majority of the Council's spend is on statutory services and therefore given the scale of expenditure reductions required, it is possible that the continuation of discretionary services, at least in their current form, might be quite limited.

- 8.9.6 In the recommendations, Cabinet are asked to make the following decisions:
- Approves the decrease in the 2019/20 working budget of £200k, as detailed in table 5.
 - Approves the carry-forward of £88k of budget in to 2020/21, as detailed in table 5.
- 8.9.7 In the recommendations, Cabinet are asked to recommend to Council that they make the following decisions:
- Approves the transfers to/ from reserves as detailed in 8.4.2 to 8.4.4
 - Notes the forecast savings target for future years and confirms the approach to balancing the budget, as detailed in paragraph 8.9.4.
 - Notes the position on the Collection Fund and how it will be funded
 - Notes the position relating to the General Fund balance and that due to the risks identified a minimum balance of £2.45 million is recommended.
 - Approves the savings and investments as detailed in Appendix B.
 - Approves a net expenditure budget of £14.974m, as detailed in Appendix C.
 - Approves a Council Tax increase of £5 for 2020/21 for a band D property, with other increases pro-rata to this (as per the Medium Term Financial Strategy)

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. Council's terms of reference include approving or adopting the budget.
- 9.3 Members are reminded of the duty to set a balanced budget and to maintain a prudent general fund and reserve balances.

10. FINANCIAL IMPLICATIONS

- 10.1 As outlined in the body of the report.

11. RISK IMPLICATIONS

- 11.1 As outlined in the body of the report.
- 11.2 There are significant uncertainties and risks with regard to the funding of NHDC over the medium term. In particular the impact from the outcomes of the Fairer Funding review and 75% Business Rates retention.

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.
- 12.3 For any individual proposal comprising either £50k growth or efficiency, or affecting more than two wards, an equality analysis is required to be carried out; this has either taken place or will take place following agreement of efficiencies or growth.

13. SOCIAL VALUE IMPLICATIONS

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

14. HUMAN RESOURCE IMPLICATIONS

- 14.1 Where efficiency proposals directly affect staff, it is important that all affected staff are consulted and supported at the earliest opportunity and the Council’s HR policies and procedures are followed.
- 14.2 Paragraph 8.8.1 highlights the uncertainty over future pay inflation and that this is still subject to national pay bargaining.

15. APPENDICES

- 15.1. Appendix A - Financial Risks
- 15.2. Appendix B - Revenue Budget Savings (including efficiencies, income generation and service changes) and Investments (including increases in service and non-inflationary cost pressures)
- 15.3. Appendix C - Budget Summary 2020-24

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17. BACKGROUND PAPERS

17.1. Medium Term Financial Strategy 2020-25

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Appendix A- Identified Financial Risks 2020/21

Service Directorate	Financial Risk Ref. No.	Risk	High/ Medium/ Low	Risk Value £	%	Total Risk Assessment £
Commercialisation	FR1	Adverse possession of land/buildings (litigation costs). Protection of "Village Greens". Signs/fences need to be constructed to avoid residents claiming ownership rights.	M	35,000	25%	8,750
	FR2	Contamination clear-up costs for disposal/vacant sites	M	500,000	25%	125,000
	FR3	Difficulties in recruiting Estates Surveyors hinders the achievement of the anticipated additional commercial rent income agreed from rent reviews undertaken in the year.	L	50,000	0%	0
	FR4	Arrangements for the management of Hitchin Market following the expiry of the current contract generate a lower financial return to the Council.	H	20,000	50%	10,000
Customers	FR5	Fines for breaches of the EU General Data Protection Regulation by the Council or by NHDC outsourced providers when handling and storing data originally collected by NHDC	L	500,000	0%	0
	FR6	Bad Debt Provision may need to increase in light of the roll-out of Universal Credit and in particular the managed migration of working age housing benefit clients to Universal Credit.	M	70,000	25%	17,500
	FR7	Ransomware attack results in the write-off of IT hardware and infrastructure.	L	200,000	0%	0
	FR8	Failure to meet projected Careline sales income as a result of the loss of a corporate client or fall in the number of private clients.	H	50,000	50%	25,000
Legal & Community	FR9	District by-election	L	4,000	0%	0
	FR10	Legal team resources - requirement due to recruitment/retention issues to use temp. staff or outsource work. Additional external expertise for assistance with the delivery of key Corporate projects or Governance issues	M	100,000	25%	25,000
	FR11	Legal expertise related to employment cases	M	50,000	25%	12,500
	FR12	The Council is required to meet the cost of any award from new or ongoing judicial reviews.	H	100,000	50%	50,000
	FR13	Possible procurement challenge. Legal costs and costs of re-tendering if necessary.	L	100,000	0%	0
	FR14	Costs incurred from an increased number of prosecutions pursued in court, for example due to persistent flytipping.	M	50,000	25%	12,500
	FR15	Domestic Homicide Review – requirement for additional resources to respond	L	15,000	0%	0

Service Directorate	Financial Risk Ref. No.	Risk	High/ Medium/ Low	Risk Value £	%	Total Risk Assessment £
Place	FR16	The council is forced to re-tender a major contract if a contractor is unable to deliver a contract for any reason .	L	300,000	0%	0
	FR17	Increase in the net cost of recycling services due to either or all of ; adverse changes in the market prices for commodities; a reduction in the volume of recyclates collected; a change in the material composition of the recyclates collected	H	100,000	50%	50,000
	FR18	Reduction in funding from third party agency agreements for contracted grounds and/or tree maintenance works.	L	50,000	0%	0
	FR19	Costs resulting from a localised flooding event that is associated with water courses within the responsibility of NHDC to maintain.	L	50,000	0%	0
	FR20	Cost of felling and destroying trees as a result of pests and tree disease.	L	75,000	0%	0
Regulatory	FR21	Lack of resilience in delivering key statutory services, such as Environmental Health and Planning, when staff absence occurs (other than normal leave) e.g. medium/long term sickness, staff resignations, etc... increases expenditure on agency staff and / or consultancy advice to maintain service provision.	H	40,000	50%	20,000
	FR22	Usage of bed and breakfast accommodation for homeless households.	M	180,000	25%	45,000
	FR23	Dangerous structures - where the Council is unable to recover the costs incurred in making the structures safe because, for example, the owner of the property is not known or the land/building is unregistered.	L	50,000	0%	0
	FR24	Specialist advice required with regard to planning applications, e.g. town centre schemes and "hostile applications".	M	100,000	25%	25,000
	FR25	Costs associated with a challenge to a decision of the Council, for example an appeal against a planning decision, judicial review or threat in advance of a planning decision, Secretary of State call in or holding direction.	H	500,000	50%	250,000
	FR26	Enforcement – costs in relation to enforcement through for example: specialist legal advice, direct action or appeal processes.	M	100,000	25%	25,000
	FR27	New duties and obligations associated with government policy, e.g. Brexit, require additional and/or specialist staff or consultancy support to deliver.	M	100,000	25%	25,000
	FR28	Local Plan: additional costs associated with progressing the Local Plan.	H	250,000	50%	125,000
	FR29	Local Plan: costs associated with a challenge to the Local Plan either from the Council or another stakeholder/authority	H	450,000	50%	225,000
	FR30	Theft of, or damage to, parking pay & display equipment	M	20,000	25%	5,000

Service Directorate	Financial Risk Ref. No.	Risk	High/ Medium/ Low	Risk Value £	%	Total Risk Assessment £
	FR31	Income related to planning applications is lower than the budget expectation as a result of a delay to Local Plan progress or the economic impact of Brexit.	H	250,000	50%	125,000
	FR32	Hertfordshire Home Improvement Agency fail to recover sufficient fees, based upon application throughput, resulting in additional payment requested by HCC to cover costs.	H	15,000	50%	7,500
Resources	FR33	Assumed vacancy saving within staffing payroll budgets does not materialise as a slim staffing structure reduces both employee turnover and the capacity to hold posts vacant for any significant period of time.	L	300,000	0%	0
	FR34	Breach of partial-exemption calculation for VAT	L	300,000	0%	0
	FR35	The Council's compliance contractors identify exceptional repairs and maintenance required for Council properties.	M	50,000	25%	12,500
	FR36	Localisation of Business Rates – The council is directly exposed to a range of risks including; business rates levy, safety net.	L	130,000	0%	0
	FR37	Member/Officer Indemnity Agreement is called upon	L	100,000	0%	0
	FR38	Further payments are required under MMI scheme of arrangement	L	20,000	0%	0
	FR39	Treasury Management - potential default by a counter party	L	3,000,000	0%	0
	FR40	Difficulty in recruiting Facilities Assistants results in higher expenditure on agency staff	M	10,000	25%	2,500
	FR41	Employment related risks related to outsourcing, shared services and restructuring	M	250,000	25%	62,500
	FR42	Reduced staffing capacity means that the delivery of efficiency proposals or investment projects is delayed and / or additional staffing resource must be hired externally at a cost premium to the Council.	M	50,000	25%	12,500
	FR43	Alternative arrangements are required to secure the outcomes expected from the corporate compliance contract.	H	75,000	50%	37,500
	FR44	Alternative arrangements are necessary to secure the outcomes expected from the corporate occupational health contract.	H	20,000	50%	10,000
	FR45	Relates to an environmental warranty that was provided to North Herts Homes on the transfer of the Housing stock.	L	209,000	0%	0

8,988,000

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APPENDIX B- REVENUE BUDGET SAVINGS AND INVESTMENTS

New Efficiency Proposals for 2020/21 and beyond

Ref No	Service Directorate	Description of Proposal	Budget Impact	Net Efficiency			
				2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
E1	Customers	Customer Service Centre staffing. Automation of the document verification process means that a vacant part-time post within the Customer Service Centre can be deleted with no adverse effect on service delivery.	Expenditure Reduction	(16)	(16)	(16)	(16)
E2	Customers	Revenues and Benefits staffing. A reorganisation of duties within the team following recent retirements. The reorganisation is reflective of both the impact of Universal Credit and increased process automation. It is anticipated to result in cost savings without impacting negatively on service delivery.	Expenditure Reduction	(43)	(43)	(43)	(43)
E3	Resources	Premises cost savings resulting from the development of the Town Lodge Site. The site is unoccupied and estimated savings are subject to satisfactory completion of the handover to the developer, which is expected early in the next calendar year.	Expenditure Reduction	(68)	(68)	(68)	(68)
E4	Place	Reduction in business rates expenditure following Government announcement of intention to allow Rate Relief on Public Conveniences from 1 April 2020	Expenditure Reduction	(11)	(11)	(11)	(11)
E5	Customers	Closure of the Document Centre. With the implementation of the Outbound Mail contract and the move to paperless Committee meetings, the residual work for the Document Centre is not enough to justify keeping it open. Arrangements are being made with a Local Government partner for the provision of print services for the residual work. The saving value includes the financial impact of the Outbound Mail contract and the residual print work that will be externally sourced.	Expenditure Reduction	(107)	(107)	(107)	(107)
E6	Commercial	Revenue impact from acquisition of property investments in line with NHDC's Commercial Strategy and Property Investment Strategy. Investments acquired in line with these two Strategies will produce new income streams for NHDC over the short, medium and long-term, together with income growth potential to offset inflation. Efficiency value is net of estimated cost of associated professional advice and dependent on approval of corresponding capital investment proposal.	Additional Income	TBC	TBC	TBC	TBC
E7	Commercial	Agreement of full repairing lease for Mrs Howard Memorial Hall. The proposed capital investment to replace the boiler and windows will help to advance negotiations with the tenant. If agreed, the full repairing lease will place all maintenance obligations onto the tenant and generate rental income for NHDC. The capital investment will also improve the property's energy efficiency, potentially helping NHDC's ability to secure an increased rent at the next scheduled rent review.	Additional Income	(5)	(5)	(5)	(5)
E8	Commercial	Letchworth Town Hall rental income. NHDC owns Letchworth Town Hall and the asset is held as an investment property. Rental income follows the end of the rent free period of the lease to North Hertfordshire College from the 1st July 2019. The full repairing lease commenced in 2012 and expires on 2nd September 2037, contains no break options, and is subject to an upwards-only rent review mechanism.	Additional Income	(70)	(70)	(70)	(70)
E9	Resources	Payroll function. Savings are anticipated from both payroll service licence costs, having procured a new payroll service from April 2020 that excludes licence costs for the use of the payroll system, and the integration of elections payroll. The new payroll contract was awarded for a period of five years.	Expenditure Reduction	(6)	(5)	(6)	(6)
E10	Commercial	Agreement of tenancy for the 2nd floor at District Council Offices. Total office accommodation savings resulting from the DCO refurbishment of £50k were previously incorporated within the budget estimates. The efficiency value therefore represents only the additional amount anticipated now that the terms of the lease have been finalised.	Additional Income	(20)	(20)	(20)	(20)
E11	Place	AFM income from Herts County Council. The receipt for recycling performance in 2018/19, received in 2019/20, significantly exceeded the budget expectation. The proposal is therefore to adjust the budget estimates to better reflect the Council's current performance. The reduction in the efficiency value beyond 20/21 is due to the HCC proposal to reduce the total amount allocated to collection authorities by 12.5% per annum (approximately £500k per year) for the next three years (impacting receipts from 2021/22). The actual saving achieved will however depend on the Council's recycling performance relative to other Hertfordshire authorities.	Additional Income	(156)	(87)	(26)	-
E12	Chief Executive	Increase in anticipated level of investment interest income due to the reprofiling of the Capital Programme increasing cash balances available for investment. Efficiency value calculation is subject to update and refinement.	Additional Income	(133)	-	-	-
E13	Legal & Community	Reduction in the budget for Chair's civic dinner and awards ceremony. This will be achieved through a combination of charging for attendance and reducing the costs of the event.	Expenditure Reduction	(3)	(3)	(3)	(3)

E14	Resources	Prior to the housing stock transfer the Council provided mortgages to those who wished to exercise their Right to Buy their Council property. The Council acted as lender of last resort. The Council paid a fee for the administration of these mortgages. These mortgages have now all been paid off so the administration is no longer required.	Additional Income	(4)	(4)	(4)	(4)
Total Net Budget Reduction from new efficiency proposals			Total Expenditure Reduction	(254)	(253)	(254)	(254)
			Total Additional Income	(388)	(186)	(125)	(99)
			Total Expenditure Reduction	(642)	(439)	(379)	(353)

New Revenue Pressures and Investment Proposals

Ref No	Service Directorate	Description of Proposal	Budget Impact	Investment			
				2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
R1	Place	Core waste services contract expenditure. Retention of the weekly collection of residual waste service for multi-occupancy properties, as per report to Cabinet 30.07.2019.	Additional Expenditure	164	164	164	164
R2	Place	Playground Maintenance. Delay the removal of play equipment at Betjeman Road and Farrier Court in Royston to 31st March 2021 to provide sufficient time to re-evaluate the current Green Space Management Strategy with regard to playground provision in the District and align this with a review of the Medium Term Financial Strategy (as per report to Cabinet 30.07.2019).	Additional Expenditure	4	-	-	-
R3	Commercial	Employment of external RICS Registered Valuer to conduct the Council's annual valuations of its fixed assets, to include investment, surplus and various classes of operational properties.	Additional Expenditure	20	20	20	20
R4	Commercial	Appointment of external consultants to deal with the Arbitration of DCO ground rent.	Additional Expenditure	4	-	-	-
R5	Customers	Investigation of the potential for Artificial Intelligence (AI) software to automate processes to enable customer queries to be dealt with more efficiently and reduce the number of customer contacts. The use of AI software will be subject to a business case, which will need to identify savings on an invest to save basis. Estimated investment is for initial license costs associated with the software solution. On-going revenue costs will be met from the delivery of associated efficiencies.	Additional Expenditure	35	-	-	-
R6	Customers	Extension of temporary administrative support to Careline to the end of March 2021. This additional admin support will no longer be required beyond this date as more automated solutions are implemented over the course of the year.	Additional Expenditure	21	-	-	-
R7	Legal & Community	Creation of new post within the Policy and Community Engagement team to assist with the delivery of the administration's Environmental/ Climate and community engagement priorities.	Additional Expenditure	37	37	37	37
R8	Legal & Community	Creation of new post within the Committee, Member and Scrutiny Services team within Democratic Services to assist with the delivery of the administration's new initiatives/ approaches to community engagement. The team will be providing support to three new panels, with around 18 additional meetings and further scrutiny support in respect of task and finish group reviews.	Additional Expenditure	34	34	34	34
R10	Regulatory	The undertaking of town centre strategy reviews, which form part of the documents supporting the Local Plan. It is proposed that the investment will be required in each of the next four years to cover all four towns.	Additional Expenditure	-	40	40	40
R11	Regulatory	Delivery of a single issue Local Plan review to incorporate any emerging Council Priorities re. Climate Change Emergency into formal planning policy for the District. Dependent on the outcome of current Council Priorities work, the estimated two-year programme (2020/21 & 2021/22) would include commissioning of evidence and examination.	Additional Expenditure	40	40	-	-
R12	Regulatory	Continuation of the Electric Vehicle strategy to incorporate any emerging Council Priorities re: the Climate Change Emergency / air quality. While details are not yet known, future implementation may require accompanying capital expenditure.	Additional Expenditure	20	20	20	-
R14	Regulatory	Creation of additional Principal Planning Officer post within Strategic Planning and Enterprise Team. Anticipated medium-term work programme includes projects requiring independent input at a relatively senior level. This includes (but is not necessarily limited to): Local Plan roll-forward, new settlement and forthcoming reviews of Luton and South Cambridgeshire local plans.	Additional Expenditure	64	64	64	64
R15	Regulatory	To extend the joint Economic Development Officer post (shared with East Herts) for a further 2 years.	Additional Expenditure	26	26	-	-

R16	Regulatory	Creation of a part-time (0.5FTE) Contaminated Land officer post. The new role would increase capacity within the Environmental Health team to concentrate on air quality matters and emerging Climate Change Strategies.	Additional Expenditure	26	26	26	26
R17	Resources	Purchase and maintenance of software that will assist in the implementation the Council's Gender Pay Gap Action Plan.	Additional Expenditure	3	2	2	2
R18	Chief Executive	District Wide Survey. The contract for the next two rounds of the District Wide Survey, which is undertaken every two years, has recently been awarded at a slightly higher value than assumed in the current budget estimates. Investment therefore represents the increase in resource required.	Additional Expenditure	-	2	-	2
R19	Place	Introduction of a discounted annual rate of £20 for garden waste collection for eligible customers from 20/21. The discount would be offered to residents who are in receipt of housing benefit or universal credit (approx. 7000 properties). Estimated impact is based on the current overall uptake of the collection service at 50%, with approximately 3,500 customers moving to the discounted rate.	Income Reduction	47	70	70	70
R20	Chief Executive	Provision of e-bulletin service. Initially funded from the corporate Strategic Priorities Fund, subscribers can sign up to a range of topics including waste, jobs, news, parks and countryside. Current subscriber numbers total 8586 and have grown month on month since the service was launched in September 2018.	Additional Expenditure	7	7	7	7
R21	Chief Executive	Additional year of design and hosting of NH Now digital magazine. With the first edition in September 2018, NH Now magazine is produced 3 times a year and promoted via social media. Focus of magazine is on what makes North Herts a great place to live and work, including profiling community groups, local businesses, places to visit and events. While readership has grown, with only 3 editions produced more time is needed to grow readership and evaluate its success. Proposed to survey Citizens Panel for their views on the magazine next year.	Additional Expenditure	2	-	-	-
R22	Chief Executive	Permanent employment of a Digital Media and Engagement Officer. The current two year fixed term post is funded from the corporate Strategic Priorities Fund. The appointment to the role in March 2019 has however already had a significant impact on the level of engagement with the Council through social media, in particular Facebook, primarily through providing the capability to create more interactive content, e.g. videos, picture stories etc.... It is therefore now proposed to make the role permanent from April 2020.	Additional Expenditure	32	32	-	-
R23	Place	Delay to the anticipated efficiency from the provision of a Crematorium at Wilbury Hills (see PE3). Delivery of the crematorium and the revenue efficiency is dependent on a successful planning application. The planning application was refused by Central Bedfordshire Council, but NHDC has submitted an appeal against this decision. Whilst the Council feels that there is a good chance of success in the appeal, it will delay the achievement of any savings. The timing and value of savings is based on the Council making a prompt decision to appoint a new partner to deliver the Crematorium (revised profile would see a £50k saving in 2022/23 and £100k per year from 2023/24 onwards). If the Council decided to build the Crematorium itself then the savings could be greater, but would probably take longer to achieve and would require funding to be allocated through the capital budget.	Income Reduction	50	100	50	-
R24	Resources	Renewable energy - gas. The investment value represents the estimated premium for purchasing renewable (green) gas. This is a premium of around 20% on current costs (an additional 0.7p/kWh compared with current rates of around 3.5p/kWh). The actual cost will depend on the availability at the point of agreeing to the change.	Additional Expenditure	10	10	10	10
R25	Resources	Hitchin Fountain. Lady Dixon has agreed to pay for a new floating fountain to go in front of the church in Hitchin. It is believed that this will provide a more reliable water flow than the old pump. The supplier is prepared to provide free maintenance for the first 2 years if the Council agrees to put up an in keeping plaque near to the fountain. The quote for this maintenance after the first 2 years is just under £3k per year.	Additional Expenditure	-	2	3	3
R27	Chief Executive	Interest cost and minimum revenue provision charge in respect of borrowing to finance proposed property investments in line with NHDC's Commercial Strategy and Property Investment Strategy. Currently assumed at zero, but borrowing will be required for property acquisition and development	Additional Expenditure	TBC	TBC	TBC	TBC
R28	Legal & Community	Reverse reduction in Area Committee Grants so that maintained at £42k per year. See PE5.	Additional Expenditure	8	15	21	25
R29	Commercial	Specialist advice in relation to Co-operative Economic Development.	Additional Expenditure	10	-	-	-
R30	Legal & Community	Provide inflationary increase (2%) for MOUs with CVC and Citizens Advice North Herts.	Additional Expenditure	3	7	10	14
R31	Legal & Community	Provide one-off funding for Citizens Advice North Herts.	Additional Expenditure	50	-	-	-

R32	Legal & Community	Central pot for Area Committee Grants.	Additional Expenditure	10	-	-	-
Total Net Budget Increase from new pressures and investment proposals			Total Additional Expenditure	630	548	458	448
			Total Income Reduction	97	170	120	70
			Total Investments	727	718	578	518

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

	Service Directorate	Description of Proposal	Budget Impact	Efficiency			
				2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'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)	(6)	(6)	(6)
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	(5)	(5)	(5)	(5)
PE3	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.	Additional Income	(50)	(100)	(100)	(100)
PE4	Legal & Community	Cease MOU and contractual payments to identified Community Groups. Baldock Town Centre Partnership. Grant ceasing at the end of 2020/21. Amounts to be paid: 2018/19 £6.8k, 2019/20 £4.6k, 2020/21 £2.3k. Hitchin British Schools Museum. Ceasing at end of 2019/20. Amounts to be paid: 2018/19 £4.5k, 2019/20 £2.2k. Sports North Herts. Ceasing at end of 2019/20. Amounts to be paid: 2018/19 £3k, 2019/20 £1.5k. Arts Council for North Herts. Ceasing at end of 2019/20. Amounts to be paid: 2018/19 £5.5k, 2019/20 £2.8k. Stevenage and North Herts Women's Resource Centre. Ceasing at end of 2019/20. Amounts to be paid: 2018/19 £0.7k, 2019/20 £0.4k.	Expenditure reduction	(9)	(11)	(11)	(11)
PE5	Legal & Community	Rolling reduction in area committee grant budgets equivalent to 20% of annual provision. CBP 20/21 UPDATE: Saving amounts extended to 2023/24	Expenditure reduction	(8)	(15)	(21)	(25)
PE6	Legal & Community	Removal of budget provision for District Council elections in 2021/22 as no elections scheduled to be held. UPDATE CBP 20/21: Efficiency value updated for inflation.	Expenditure reduction	-	(93)	-	-
Total Net Budget Reduction from earmarked efficiencies			Total Expenditure reduction	(28)	(130)	(43)	(47)
			Total Additional Income	(50)	(100)	(100)	(100)
			Total Efficiencies	(78)	(230)	(143)	(147)

Investments earmarked in 2020/21 (and/or beyond) resulting from previous decisions

	Service Directorate	Description of Proposal	Budget Impact	Investment			
				2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
PI1	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	-	-	-
PI2	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. UPDATE CBP 20/21: Remove expenditure budget in 2023/24 as expenditure is biannual	Additional Expenditure	8	-	8	-
Total Net Budget Increase from earmarked investments			Total Additional Expenditure	28	-	8	-
			Total Income Reduction	-	-	-	-
			Total Investments	28	-	8	-

Savings incorporated since 2019/20 Budget approved by Council in February 2019

Report	Service Directorate	Description of Saving	Budget Impact	Saving			
				2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Q3 2018/19	Regulatory	Car parking income. Increase in car parking income projection based on actual parking income receipts recorded in the first three quarters of 2018/19, which were higher than anticipated.	Additional Income	(88)	(88)	(88)	(88)
Q3 2018/19	Commercial	Ongoing impact of commercial rent uplifts agreed in the quarter (included within the 'other minor variances' total in table 3)	Additional Income	(17)	(17)	(17)	(17)
Outturn 2018/19	Chief Executive	Apprentice Levy. Original estimate based on 'paybill' of £12million. Paybill since defined as only payments to employees subject to employer NI contributions. For 2019/20 total estimated is £10million, with estimated levy payable of £35k (included within the 'other minor variances' total in table 3).	Expenditure Reduction	(10)	(10)	(10)	(10)
Outturn 2018/19	Customers	IT Support & Maintenance. Cost of remote data communications reduced due to HCC retendering their data networks infrastructure. Use of the tender portal for software contracts over £10k enhanced competition, which resulted in lower renewal prices for several contracts (included within 'other minor variances' total in table 3).	Expenditure Reduction	(13)	(13)	(13)	(13)
Outturn 2018/19	Resources	Premises Insurance. Sales invoices are raised to various leaseholders to recover premises insurance costs. The income raised reduces the total net cost of buildings insurance to the Council (included within 'other minor variances' total in table 3).	Additional Income	(10)	(10)	(10)	(10)
Q1 2019/20	-	Staff costs. Annual saving in employee costs from the two voluntary redundancies agreed by Full Council in February 2019.	Expenditure Reduction	(107)	(107)	(107)	(107)
Q1 2019/20	-	Net total of minor permanent budget adjustments requested at quarter 1 ('other minor variances' total at Q1)	Expenditure Reduction	(33)	(33)	(33)	(33)
Q2 2019/20	Place	Staff Costs. Ongoing annual saving from from the implementation of a new staffing structure for Greenspace Services, approved by the Council's Leadership Team, designed to meet the changing demands placed upon the service.	Expenditure Reduction	(58)	(58)	(58)	(58)
Q2 2019/20	Place	Waste, Recycling and Street Cleansing contract expenditure. The anticipated volume of work outside of the core contract - e.g. collection and delivery of bins, bulky waste collection, additional street cleansing - did not materialise through the first eighteen months of the contract. Therefore proposed to reduce budget ongoing.	Expenditure Reduction	(277)	(277)	(277)	(277)
Q2 2019/20	Regulatory	Car park season ticket income. Increase in income expectation reflects the level of car park season ticket sales in 2019/20, which is similar to last year.	Additional Income	(27)	(27)	(27)	(27)
Q2 2019/20	Regulatory	Income from Penalty Charge Notices. A full team of Civil Enforcement Officers in post has led to a greater number of traffic offences being identified and penalty notices issued.	Additional Income	(41)	(41)	(41)	(41)
Total Savings incorporated since 2019/20 budget agreed in February 2019			Total Expenditure Reduction	(498)	(498)	(498)	(498)
			Total Additional Income	(183)	(183)	(183)	(183)
			Total Efficiencies	(681)	(681)	(681)	(681)

Budget Pressures and Investments incorporated since 2019/20 Budget approved by Council in February 2019

Report	Service Directorate	Description of Pressure	Budget Impact	Pressure			
				2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Q3 2018/19	Place	Water and Sewerage costs for Amenity Areas. Invoices based on actual meter readings received for the splash parks highlighted that the estimated bills received previously were significantly underestimated (included in 'other minor variances' total at Q3).	Additional Expenditure	8	8	8	8

Q3 2018/19	-	Net total of minor permanent budget adjustments requested at quarter 3 2018/19 (included in 'other minor variances' total at Q3)	Additional Expenditure	5	5	5	5
Outturn 2018/19	Place	Income from paper collected for recycling. Shortfall in income recorded for 2018/19 was indicative of the continuing fall in paper tonnages collected. Tonnages in 2018/19 were 14% lower than the prior year.	Income Reduction	26	26	26	26
Q1 2019/20	-	Business Rates expenditure. Phased withdrawal of transitional relief. Relief was granted where there were significant changes in the rateable value of Council assets from the 2017 revaluation, most notably in respect of several Council car parks.	Additional Expenditure	10	10	10	10
Q2 2019/20	Legal & Community	District Elections expenditure. Based on cost of delivering 2018 and 2019 district elections, where a similar number of seats were contested, proposed to increase the earmarked budget allocation in future years where elections are scheduled by £25k. Increase in cost attributed to rising venue hire prices and higher numbers of postal votes requested.	Additional Expenditure	25	-	25	25
Q2 2019/20	Place	Government Grant income - Weekly food collections from flats. The original government grant of £853k was issued in 2013/14 on the condition that the Council would provide a weekly food collection service for a minimum of five years, in accordance with the Council's grant application. The grant has since been released to the General Fund over the period to fund the additional revenue costs of delivering this service. The application of £33k in 2019/20 represents the final amount of grant remaining.	Income Reduction	84	84	84	84
Q2 2019/20	Place	Income from paper collected for recycling. Projected income based on tonnages collected in the first half 2019/20 and indicative of the trend of declining volumes of paper presented for recycling apparent in recent years.	Income Reduction	84	84	84	84
Q2 2019/20	Place	Commercial Waste and Recycling services income. Fewer customers for trade residual waste collection in 19/20 than the prior year has reduced the income expectation. Partially offset by growth in demand for commercial recycling collections.	Income Reduction	37	37	37	37
Q2 2019/20	Commercial	Income from Hitchin Town Hall Community Facility. Revised income forecast is based on experience to date since the facility opened in 2017. Now that the museum is fully open, it is anticipated that income generated from the facility will increase in future years in line with the business plan, however it is not expected to meet the current budget in the medium-term.	Income Reduction	192	192	192	192
Q2 2019/20	Regulatory	Parking permits online booking system. Software upgrade allows payment to be processed and permit to be automatically issued. Previously after the payment was made online, the details would then need to be entered on the parking management system to issue the permit (included within 'other minor variances' total in table 3).	Additional Expenditure	13	13	13	13
Q2 2019/20	Customers	Government grant income - Business rates cost of collection allowance. Ongoing budget estimate adjusted in line with current level of eligible funding (included within 'other minor variances' total in table 3).	Income Reduction	8	8	8	8
Q2 2019/20	-	Net total of minor permanent budget adjustments requested at quarter 2 2019/20 (included in 'other minor variances' total in table 3)	Additional Expenditure	6	6	6	6
Budget Report 2020/21	-	Triennial Pension Scheme Valuation. Increases in annual lump sum [fixed] contribution recommended by the actuary over the next three years.	Additional Expenditure	27	55	84	84
Budget Report 2020/21	-	Net total of minor permanent budget adjustments requested in the month 8 monitoring within the 20/21 budget report (included in 'other minor variances' total in table 6)	Additional Expenditure	1	1	1	1

Total Net Budget Increase			Total Additional Expenditure	95	98	152	152
			Total Income Reduction	431	431	431	431
			Total Pressures Arising	526	529	583	583

Previously agreed changes, including updates to amounts

Proposed revised amounts in yellow

Reference	Service Directorate	Description	Budget Impact	Pressure / Saving			
				2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Q1 2018/19 Revenue Monitor	Commercial	Recruitment of two additional officers to the Commercial Support Team within the Commercialisation Service Directorate. The new posts will lead on the development of a housing investment company and explore new commercial opportunities, while also mapping out, supporting and developing internal services to increase commercial capacity. It is estimated that additional annual resource up to a maximum of £125k is required to meet the cost of the new positions; with maximum additional expenditure in 2018/19 of half this amount (£62.5k) should the recruitment process be successful. The Council's Senior Management Team recommended that the cost of the first two years of these posts should be funded from the Special reserve. UPDATE CBP 2020/21: Profile of pressure updated to reflect appointment to posts at the start of 2019/20 (zero spend in 2018/19)	Pressure	-	125	125	125
-	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 2020/21: Estimates updated and extended to 2023/24	Saving	(1)	(2)	(3)	(5)
Council 31st August 2017		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 2020/21: Interest income estimate extended to remove interest income budget in 2023/24 (loan principal will be fully repaid by the end of March 2023)	Pressure	3	7	11	13
-	Chief Executive	District Wide Survey (estimated cost £16k) and Citizens' Panel (estimated cost £8k) take place in alternate years. UPDATE CBP 2020/21: Proposed to reprofile budget for Citizens' Panel from a biannual £8k budget to an annual £4k budget as the postal survey of the Panel every two years will no longer take place. There will instead be more regular engagement, including putting on focus groups.	Saving	(12)	4	(12)	4
Total Net Budget Impact			Total Pressures	3	132	136	138
			Total Savings	(13)	2	(15)	(1)
			Net Budget Impact	(10)	134	121	137

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Appendix C - General Fund Estimates for 2020/21 to 2023/24

All amounts £000	2020/21	2021/22	2022/23	2023/24
Net expenditure brought forward	14,597	14,974	14,819	14,797
Planned delivery of savings previously identified	-78	-149	84	0
Planned Investments previously approved	28	-28	8	0
Other previously identified adjustments in future years	56	73	-5	0
Ongoing impact of variances reported in year	-191	70	49	5
New savings proposals	-642	203	60	26
New investment proposals	727	-10	-140	-60
Net pay increments	-25	50	50	50
Pay inflation	262	200	200	200
Forecast Contractual Inflation	169	350	350	350
Forecast Income Inflation	-157	-284	-278	-293
Investment allowance in future years	0	0	0	0
2019/20 Budgets Carried Forward	230	-230	0	0
Further savings tbc	0	-400	-400	-400
Total Net Expenditure	14,974	14,819	14,797	14,675
Council Tax Income	-11,752	-12,122	-12,498	-12,880
Council Tax Collection Fund (Surplus) / Deficit	55	0	0	0
Release of NNDR pooling gain	-368	0	0	0
(Negative) Revenue Support Grant	0	1,136	1,159	1,182
Business Rates	-2,726	-2,780	-2,836	-2,893
New Homes Bonus	-713	-350	-131	0
Other (Council Tax Reduction Scheme payment to Parishes)	39	24	24	24
Total Funding	-15,465	-14,092	-14,282	-14,567
Net funding position (use of reserves)	-491	727	515	108
General Fund b/f (includes transfers detailed in paragraph 8.4.4)	8,400	8,400	8,232	7,717
Funding Equalisation Reserve	491	-559	0	0
General Fund c/f	8,400	8,232	7,717	7,610

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CABINET
28 January 2020

***PART 1 – PUBLIC DOCUMENT**

TITLE OF REPORT: INVESTMENT STRATEGY (INTEGRATED CAPITAL AND TREASURY)

REPORT OF THE SERVICE DIRECTOR- RESOURCES

EXECUTIVE MEMBER FOR FINANCE AND IT

CURRENT COUNCIL PRIORITY: RESPONSIVE AND EFFICIENT

NEW COUNCIL PRIORITY: ENABLE AN ENTERPRISING AND CO-OPERATIVE ECONOMY

1. EXECUTIVE SUMMARY

1.1 The Investment Strategy provides the following key information:

- A capital programme of £9.357m in 2020/21 and £23.524m for the period 2021/22 to 2024/25.
- Recommendations on the Prudential and other Treasury indicators that will be monitored and reported on during the year (2020/21)
- As the Council has identified a need to borrow for capital purposes, a borrowing and Minimum Revenue Provision (MRP) policy
- The scope of treasury investments where the Council will invest any surplus cash.

2. RECOMMENDATIONS

- 2.1. That Cabinet recommend to Council the adoption of the Investment Strategy (as attached at Appendix A), including the capital programme and prudential indicators.
- 2.2. That Cabinet recommend to Council the adoption of the four clauses in relation to the Code of Practice on Treasury Management (as detailed in paragraphs 8.11 to 8.16).

3. REASONS FOR RECOMMENDATIONS

- 3.1 To ensure that the capital programme meets the Council's objectives and officers can plan the implementation of the approved schemes.
- 3.2 To ensure the Council's compliance with CIPFA's code of practice on Treasury Management, the Local Government Act 2003, statutory guidance from the Ministry of Housing, Communities and Local Government and the CIPFA Prudential Code. As well as determining and managing the Councils risk appetite in respect of investments.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Each proposed capital scheme is the result of consideration of options for continuous service improvement by the relevant Service Director in consultation with the relevant Executive Member.
- 4.2 The primary principle governing the Council's investment criteria is the security and liquidity of its investments. After this the return (or yield) is then considered, which provides an income source for the Council. In general, greater returns can be achieved by taking on greater risk.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 All Members were given opportunity to comment on all new Capital investment proposals, as well as existing projects earmarked in future years, at the Member Budget Workshops held in November 2019. Notes of the comments and questions raised at the workshops were provided to Cabinet in December.
- 5.2 Members will be aware that consultation is incorporated into project plans of individual capital schemes as they are progressed.
- 5.3 There is ongoing dialogue with the Authority's Cash Manager, Tradition and regular meetings with Treasury advisors (Link).

6. FORWARD PLAN

- 6.1 This report does not contain a recommendation on a key Executive decision, as the ultimate decision is made by Full Council. However it has been included on the Forward Plan and was first notified to the public on 11 October 2019. This was on the basis that there could have been an Executive decision required.

7. BACKGROUND

- 7.1 The Corporate Business Planning Process begins each year with consideration of policy priorities and the Council's Priorities for the District and a review of the Medium Term Financial Strategy. Finance and other resources are aligned to the strategic priorities as set out in the Council Plan.
- 7.2 Cabinet receives quarterly updates on the delivery and funding of the Council's capital programme, with the report presented at the December meeting of Cabinet providing estimates as at the end of the second quarter of 2019/20. The report advised that total expenditure of £11.881m would be required to deliver the current capital programme for 2019-2024, with £5.886m forecast to be spent in 2019/20. Table 1 below details the changes to the existing capital programme reported to Cabinet since the Capital Programme was approved by Full Council in February 2019.

Table 1

	2019/20 £m	2020/21 £m	2021/22 to 2023/24 £m
Original Estimate approved by Full Council February 2019	8.213	0.962	2.128
Changes approved by Cabinet in 2018/19 Capital Outturn Report	1.007	0	0
Changes approved by Cabinet at 1 st Quarter	-1.398	1.408	0
Changes approved by Cabinet at 2 nd Quarter	-1.936	1.450	0.047
Current Capital Estimates	5.886	3.820	2.175

7.3 Members were given opportunity to comment on all new Capital investment proposals, as well as existing projects earmarked in future years, at the Member Budget Workshops held in November 2019. Notes of the comments and questions raised at the workshops were provided to Cabinet in December.

7.4 The Treasury Strategy Statement for 2019/20 was approved by Council in February 2019. A mid year review of the Treasury Strategy was provided to Council in January 2020. There have been no changes made to the Strategy during the course of 2019/20.

8. RELEVANT CONSIDERATIONS

8.1 The proposed Investment Strategy is attached at Appendix A. Council are asked to approve this strategy, which includes the following:

- New capital investment proposals totalling £32.945m
- A total capital programme for the period of 2020/21 to 2024/25 of £32.881m.
- Adoption of a treasury strategy that covers borrowing and investment forecasts and limits, including prudential indicators

8.2 The following are provided as appendices to Investment Strategy, and are also appendices to this report:

- Appendix A1- A full list of planned future capital expenditure (2020/21 onwards)
- Appendix A2- A list of new capital schemes and schemes planned to commence from 2020/21

8.3 The format of the Investment Strategy is described in the introduction section (pages 2 and 3). The following sections highlight the significant considerations in relation to this version of the Strategy.

- 8.4 As detailed in table 7 on page 14, there is an allocation of £20m that is aligned to the Property Acquisition and Development Strategy. In addition, there is an allocation of £3m for spend on residential property that is funded from capital reserves and programmed in 2019/20. This is likely to slip into 2020/21 and will be reported in the third quarter monitoring report. Tables 8 (on page 16) provide an assessment of the Security, Liquidity and Yield of the projected spend on these assets. Table 9 (on page 16) details that the assessment of the expected risk of loss will be carried out as part of individual business cases.
- 8.5 As detailed in table 11 (on page 17) based on forecasts of capital receipts and spend, the Council will have a need to borrow to fund the capital programme. This will require £3.8m of borrowing in 2020/21, rising to £4.9m in 2023/24, £11.5m in 2024/25 and up to £20.0m by the end of 2029/30. As detailed on page 19, the Council can consider whether to borrow internally or externally. The advantages and disadvantages of each are also considered on pages 19 and 20. Based on this, and the uncertainty over value and timing of capital receipts it is considered that the Council should assume that it will need to borrow externally. This will be given further consideration at the time that any borrowing is needed. If the forecast is that the need is more likely to just be for a short period (e.g. there is greater certainty over capital receipts) or there is a clearer indication over future interest rates (e.g. they are not likely to rise) then internal borrowing will be reconsidered. It is also possible that there will not be the need to borrow that is identified if there is slippage on the capital programme, this is particularly likely in relation to the investments described in paragraph 8.4 above as they are dependent on there being the right opportunities.
- 8.6 Where the Council has a need to borrow then it incurs a revenue charge known as a Minimum Revenue Provision (MRP). For external borrowing there is also a need to pay interest costs. The need to borrow in effect comes from the decision that has been made to invest £20m in line with the Property Acquisition and Development Strategy. The primary reason for any such investment is for the purposes of its functions or the benefit, improvement or development of its area. However investments will only be taken forward if they generate a return of 1.5% above the greater of the actual or notional cost of capital (to calculate an assumed cost of MRP and interest to reflect opportunity cost where it is actually funded from capital reserves). This reflects suitable compensation for the risks of property investment. This return has not been factored in the revenue budgets and nor will the costs of capital (interest charges and MRP). This is considered to be a prudent net approach to take. The totals for Treasury Indicator 6 on page 24 are based on existing investment assets and spend in line with the capital programme on residential property and investments in line with the Property Acquisition and Development Strategy. The annual income is based on forecasts for the existing investments and an assumed return of 7% for new investments (2.5% MRP + 3% interest + 1.5% margin). The loans are in accordance with the identified need to borrow and the cost of borrowing is assumed at 5.5% (2.5% MRP and 3% interest).

- 8.7 As detailed on page 25, as the Council has a borrowing requirement, it needs to determine a MRP policy. The current capital programme is a combination of spend on service provision and investments that should generate a consistent return over time. Therefore it is considered appropriate to use adopt an equal instalment MRP policy. This can be reviewed in future if the Council ever looked at an investment with a return profile that increased over the life of the asset.
- 8.8 Table 17 on page 29 details where the Council can invest its surplus cash. This sets limits to ensure appropriate diversification. The following changes are proposed compared to last year:
- Last year there was a combined limit of 60% for Building Societies and Property Funds. Property Funds are generally exposed to commercial property and Building Societies to residential property. Therefore it is proposed to remove this link.
 - Instead Building Societies will be linked to the capital allocation for investment in residential properties, and this will be limited to 60% of the total available funds. Note that the total available funds are made up of the cash balances (as detailed in table 15 on page 26) plus the £3m for residential properties.
 - Given the uncertainty over the actual amount that will be invested in line with the Property Acquisition and Development Strategy, this total is not included within this table. It is also considered that the Strategy itself and each business case will help to ensure that there is cumulative diversification in this investment. The nature of the legal powers available for such investment will generally limit the focus to North Hertfordshire and the surrounding area. An investment in a property fund (as a treasury investment) will have much wider diversification in terms of number of properties, type of properties and location of properties. It is therefore not considered to create a direct linkage between a property fund and capital spend through the Property Acquisition and Development Strategy. However it is considered appropriate to limit investments in UK property funds to 10% in any one fund (or combination of funds).
 - To add the option to invest in Ultra-Short Dated Bond Funds. These funds invest in fixed income instruments with very short maturity dates, usually up to one year. This generally provides better returns than money market funds. Whilst this does introduce some capital risk, this is minimised by the short-term nature of such investments. The proposal is that such investments make up a maximum of 10% of the total balance.
- 8.9 Within the investment market, the opportunity for 'green' investments is starting to emerge. These are offering returns that are similar to, or the same as, non-green alternatives for the same level of risk. Subject to these investments being compliant with other aspects of the treasury strategy, then these investments will be prioritised over non-green alternatives.
- 8.10 The Code of Practice on Treasury Management requires that a report be submitted to Full Council setting out four clauses which should be formally passed in order to approve adoption of the code. The four clauses are detailed below, including how they are met by the Council. As recommended by CIPFA, where appropriate these are included within the Council's Constitution and Financial Regulations.

- 8.11 Clause 1 relates to creating and maintaining a Policy and practices as a cornerstone for effective treasury management.
- 8.12 Full Council are asked to approve the adoption of the following Treasury Management Policy Statement, which is the same as in previous years:
- This organisation defines its treasury management activities as: “The management of the authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.
 - This organisation regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.
 - This organisation acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.
- 8.13 The Council has adopted treasury management practices (TMPs) which set out how the Council will carry out, manage and control the achievement of the policy above in practice. These TMPs are substantially unchanged from last year and follow the recommendations contained within the Code, subject only to amendment where necessary to reflect the particular circumstances of the Council. Such amendments are minor and do not result in any material deviation from the Code’s key principles. The TMPs are operationally focused and therefore the themes covered are detailed below, rather than providing the full document. Where relevant the detail is already covered in the Investment Strategy (e.g. approved instruments):
- TMP1- Risk Management
 - TMP2- Performance Measurement
 - TMP3- Decision making and analysis
 - TMP4- Approved instruments, methods and techniques
 - TMP5- Organisation, clarity and segregation of responsibilities, and dealing arrangements
 - TMP6- Reporting requirements and management information arrangements
 - TMP7- Budgeting accounting and audit arrangements
 - TMP8- Cash and cash-flow management
 - TMP9- Money laundering
 - TMP10- Staff training and qualifications
 - TMP11- Use of external service providers
 - TMP12- Corporate Governance
- 8.14 Clause 2 relates to the reporting on treasury activities. These are set out in the Investment Strategy on page 3.

- 8.15 Clause 3 relates to the delegation of responsibility for the implementation and regular monitoring of its treasury management policies. The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet (Constitution 5.6.9) and for the execution and administration of treasury management decisions to the Service Director: Resources (Constitution 14.6.12 (a) (iii) and Financial Regulations section 13) who will act in accordance with the Council's policy statement and treasury management practices and the CIPFA Standard of Professional Practice on Treasury Management.
- 8.16 Clause 4 relates to the scrutiny of treasury management strategy and policies. The Council nominates the Finance, Audit and Risk Committee to be responsible for ensuring effective scrutiny of the Treasury Management Strategy and policies (Constitution 10.1.5 (c)).

9. LEGAL IMPLICATIONS

- 9.1 Full Council will decide the overall capital budget (Constitution 4.3) and approve the treasury management strategy statement (Constitution 4.4.1 (dd)).
- 9.2 Cabinet will recommend to Full Council the annual capital budget (Constitution 5.6.38) and treasury management strategy statement (Constitution 5.6.39).
- 9.3 The Finance, Audit and Risk Committee will consider the Council's policy in relation to Treasury Management and make recommendations on the Annual Treasury Management and Investment Strategy, and Treasury Management Code of Practice (Constitution 10.1.5 (c)).
- 9.4 Section 151 of the Local Government Act 1972 states that: "every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs." That officer is the Service Director- Resources.
- 9.5 The proposed Prudential Indicators contained within the Investment Strategy comply with the Local Government Act 2003. The Investment Strategy has been developed to comply with the statutory guidance from the Ministry of Housing, Communities and Local Government and the CIPFA Prudential Code.

10. FINANCIAL IMPLICATIONS

- 10.1 These are covered in section 8.

11. RISK IMPLICATIONS

- 11.1 Capital investment is sometimes needed to mitigate against a risk to the Council. This is detailed to Members when a new investment comes forward. The risk implications of each individual scheme are considered in project plans as the schemes are progressed. The capital programme assumes a level of third party contributions and grants towards the cost of the schemes. There is a risk that not all the contributions are forthcoming.

- 11.2 Investment risks in relation to treasury management are covered in this report and the Investment Strategy. The TMPs (see 8.13) and Financial Regulations provide controls to manage other risks.

12. EQUALITIES IMPLICATIONS

- 12.1. In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2 There are no direct equalities implications directly arising from the adoption of the Capital Programme for 2020/21 onwards. For any individual new capital investment proposal of £50k or more, or affecting more than two wards, an equality analysis is required to be carried out. This will take place following agreement of the investment proposal.

13. SOCIAL VALUE IMPLICATIONS

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

14. HUMAN RESOURCE IMPLICATIONS

- 14.1. There are no direct human resources implications arising from this report.

15. APPENDICES

- 15.1. Appendix A- Investment Strategy
- 15.2. Appendix A1- A full list of planned capital expenditure (2020/21 onwards)
- 15.3. Appendix A2- A list of new capital schemes and schemes planned to commence from 2020/21

16. CONTACT OFFICERS

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17. BACKGROUND PAPERS

- 17.1. None

Appendix A

Investment Strategy (Integrated Capital and Treasury Strategy)

Part 1- Overview

Introduction

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's risk appetite, providing adequate security and liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending plans. This management of longer-term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses.

The Chartered Institute of Public Finance and Accountancy (CIPFA) define treasury management as:

"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

Recent changes to legislation and guidance have meant that the coverage of this strategy has been extended. First of all this strategy now provides an integrated view of capital spend and income, alongside treasury management. This is because long-term Treasury management is inextricably linked to the funding of the capital programme. Secondly, there is now a requirement to apply treasury management principles to any capital spend that is not related to service provision.

The format of this strategy is as follows:

Part 2- Capital Spend

- A summary of the Council's current capital assets. For those assets that are not held for service provision, an assessment against the principles of Security, Liquidity and Yield.
- Forecasts of the capital and revenue spend required to maintain those assets.
- Planned spend on new capital assets, with the additional assessment of risk, security, liquidity and yield for those assets that are not being acquired for service provision.
- This part of the strategy therefore gives a complete picture of forecast capital spend.

Part 3- Capital balances, receipts and the Capital Financing Requirement (CFR)

- Forecasts of expected receipts from the sale of surplus capital assets.
- Comparing capital spend forecasts with capital reserve balances and forecast future receipts gives the Capital Financing Requirement, which is the Council's need to borrow.

Part 4- Borrowing Strategy and Minimum Revenue Provision (MRP)

- This leads to the setting of a borrowing strategy which sets out how to borrow, when to borrow and for how long.
- Where the Council has a borrowing requirement, then it is required to set a policy on Minimum Revenue Provision.

Part 5- Investment Strategy

- This is then all combined to determine the levels of cash that the Council will have available for investment. This leads to an investment strategy that determines where to invest any balances, including limits on types of investments.

Part 6- Overall Risk considerations

- To consider the cumulative risks that the Council faces that arise from the totality of this strategy.

Part 7- Glossary of terms

- To explain the various terms used in this strategy.

The strategy sets a number of prudential and treasury indicators. A prudential indicator is one which is required by statutory guidance, whereas a treasury indicator is one that is set locally to provide information on performance.

Reporting requirements

Full Council will receive and approve three reports during the year:

- The Integrated Capital and Treasury strategy (this report)
- A mid-year review
- An annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the organisation's treasury management strategy

Each of these reports will be reviewed by the Finance, Audit and Risk (FAR) Committee and Cabinet. The FAR Committee and Cabinet will also receive reports on the position as at the end of the first (to end of June) and third (to end of December) quarters. The FAR Committee undertakes an oversight role.

These reports will provide relevant updates on performance against the prudential and treasury indicators.

Basis of Estimates

The estimates contained within this strategy are based on the best information that can reasonably be obtained. For forecasts of spend on assets (revenue maintenance, capital maintenance and capital acquisitions) this is based on a combination of previous experience, indicative quotes, condition surveys and professional advice. The estimates of capital receipts are provided by the Council's Senior Surveyor and are prudent estimates based on expected use, type of sale, market conditions and (where applicable) the status of negotiations to date.

The Council has experienced some cost increases on capital projects in the past. These have generally arisen from delays in the start of the project and subsequent inflation rather than incorrect estimates. Budget Holders have been asked to be as realistic as they can be about the timing of projects, and ensure that forecast costs are aligned to the expected timing. There will also be external factors that affect estimates, particularly the impacts of the United Kingdom's withdrawal

from the European Union. For capital projects, there is some flexibility to the extent to which they can overspend without further approval (ranging from 5% to 20% dependant on value) and this is considered in setting this overall strategy and in the quarterly monitoring.

Treasury Management Policy and Treasury Management Practices

In line with guidance from the Chartered Institute of Public Finance and Accountancy, the Council sets the following treasury management policy:

1. This Council defines its treasury management activities as: The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
2. The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.
3. The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

The Council also has treasury management practices (TMPs) which set out how the Council will carry out, manage and control the achievement of the policy above in practice. These TMPs follow the recommendations contained within the Code of Practice on Treasury Management (published by CIPFA), subject only to amendment where necessary to reflect the particular circumstances of the Council. Such amendments are minor and do not result in any material deviation from the Code's key principles. The TMPs cover the following areas:

- TMP1- Risk Management
- TMP2- Performance Measurement
- TMP3- Decision making and analysis
- TMP4- Approved instruments, methods and techniques
- TMP5- Organisation, clarity and segregation of responsibilities, and dealing arrangements
- TMP6- Reporting requirements and management information arrangements
- TMP7- Budgeting accounting and audit arrangements
- TMP8- Cash and cash-flow management
- TMP9- Money laundering
- TMP10- Staff training and qualifications
- TMP11- Use of external service providers
- TMP12- Corporate Governance

Treasury Consultant

The Council renewed its contracted with Link Asset Services to provide treasury management advice for the three year period October 2019 – September 2022. It is recognised that the responsibility for treasury management decisions remains with the Council at all times and the Council will ensure that undue reliance is not placed upon Link. However there is value in employing external providers

of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented.

The performance of the treasury consultant is assessed through regular meetings and the justifications for the advice provided.

Skills and culture

It is important that decision makers are given the information that they need to make those decisions. Given that treasury and risk management can be a complex area; this should be accompanied by the availability of appropriate training. To address the availability of information, all Council, Cabinet and Committee reports include sections on both financial and risk implications. Where a decision is more financial in nature then these considerations will be detailed throughout the report. Table 1 details the key groups in relation to decision making and the training that has been made available. This strategy is required to disclose the steps that have been taken to provide training, and it is up to individual members of those groups to ensure that they take advantage of the opportunities offered.

Table 1

Group	Reason for training	Training that has been made available
Full Council (All Councillors)	Required to formally adopt this Strategy. Required to approve any capital purchase over £2.5m.	Annual training that provides an introduction to Local Authority funding and accounting. Training session in 2018/19 provided by Link (the Council's treasury advisors) on risk and how it can be assessed, particularly in relation to capital investment.
Finance, Audit and Risk Committee	To review the Council's policies on Treasury, Capital and the Medium Term Financial Strategy. To monitor the effective development and operation of risk management.	Members of the Committee (and substitutes) are encouraged to complete a skills self-assessment. This allows the targeting of specific training. Regular reporting to the Committee on Capital, Risk and Treasury provides the opportunity to ask questions.
Chief Finance Officer and Finance Team	Responsibility for the financial management of the Council (under s151 of Local Government Act, 1972), including capital and treasury management. Provide advice to Budget Holders in respect of financial management. Responsible for reviewing and amending the financial implications sections of reports.	Ongoing Continuing Professional Development for all qualified members of the finance team, including focused training for specific areas of responsibility.
Senior Management Team (SMT)	Individual Service Directors will be responsible for putting forward proposals. Proposals will be reviewed by the Senior Management Team prior to taking through the Committee process. Members of SMT are likely to be involved in negotiating commercial deals.	Training session on risk, risk appetite and assessing risk. Regular updates on the Council's funding and finances, including significant changes in regulations. Training on the core principles of the prudential framework.

Part 2- Capital Spend

Current Capital Assets

As at 31st March 2019, a summary of the capital assets owned by the Council is shown in table 2 below.

Table 2

Asset Type	Asset	Reason for ownership	Value (£000)
Investment Properties	Various	Retained to generate income	18,252
Surplus Land and buildings	Various	Held for future sale or development	11,072
Offices and Storage	DCO	Staff offices, customer service centre and democratic facilities	5,604
Offices and Storage	Unit 3	Off-site storage, back-up IT and emergency planning	407
Leisure Facilities	Hitchin Swim Centre / Archers	Service use	7,368
Leisure Facilities	Letchworth Outdoor Pool	Service use	2,676
Leisure Facilities	North Herts Leisure Centre	Service use	12,612
Leisure Facilities	Royston Leisure Centre	Service use	7,519
Leisure Facilities	Pavilions	Service use	1,759
Leisure Facilities	Recreation Grounds / Play Areas / Gardens/Allotments	Service use	5,919
Community Centres and Halls	Various	Community facilities, generally operated by third parties	11,545
Markets	Hitchin Market	To provide a market	136
Museums and Arts	Hitchin Town Hall and District Museum	District-wide museum and community facility	12,491
Museums and Arts	Letchworth and Hitchin museums, Burymead store	Museum storage	1,425
Cemeteries	Various	Service use	1,465
Community Safety	Various CCTV cameras	Service use	40
IT	Various computer equipment and software	To enable the delivery of other services	322
Parking	Various car parks	Service use	9,478
Waste Collection	Bins	Service use	666
Waste Collection	Vehicles	Service use	2,724
Public Conveniences	Various	Subject to leases/ management arrangements	558
Other	Various	Various	476
Total			107,217

Table 3 shows the capital expenditure that has been incurred during the year, or is forecast to be spent in the remainder of the year:

Table 3

Asset Type	Asset	Reason for purchase/ expenditure	Value (£000)
Investment Properties	Residential Housing	To generate rental income/ capital appreciation, including conversion of Harkness Court	2,981
REFCUS	Cycle Strategy	Cycle Strategy	278
REFCUA	Transport Plans	Transport Plans	250
IT	Various computer equipment and software	To maintain IT service and provision of equipment in the Council Chamber	586
Various	Various	Capital maintenance of Council buildings	87
Leisure Facilities	Hitchin Swim Centre / Archers	New lift in the Swim Centre. Refurbishment of toilets and showers at outdoor pool. New fitness equipment.	19
Leisure Facilities	Letchworth Outdoor Pool	Refurbishment of toilets and showers at outdoor pool. New safety flooring.	20
Leisure Facilities	Recreation Grounds / Play Areas / Gardens	Decommissioning of play areas, using Capital Receipts direction. Refurbishment of other retained play areas.	558
Museums and Arts	Hitchin Town Hall and District Museum	Mainly works to the Town Hall	190
Parking	Multi-storey car parks	Lighting at Letchworth Multi-storey, wall works at Lairage Car Park, Hitchin.	60
Parking	Street Charging	Install on street charging and pay and display	285
Community Centres and Halls	Various	Grants for refurbishment of community facilities. Relates to properties that are not owned by the Council (REFCUS).	383
Grants	Various	Disabled Facilities Grants and private sector housing grants S106 Grants (REFCUS)	189
Total			5,886

Capitalisation Policy:

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classed as Property, Plant and Equipment.

Expenditure, above the de-minimis level, on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis provided that it is probable that the future economic benefits or service potential associated with the item will flow to the authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) or is below the de-minimis level, is charged as an expense when it is incurred.

The Authority's de-minimis level is £20,000 for property and £10,000 for vehicles, plant and equipment.

The Council will provide grants that fund works on assets that it does not own. This expenditure can be treated as capital expenditure, even though it does not create an asset that the Council would then own or recognise. This is known as revenue expenditure allowed to be funded by capital under statute (or REFCUS).

For the assets that the Council owns (or plans to purchase in the year) that are **not** for service delivery, the security, liquidity and yield in relation to these have been considered. For these assets it is up to the Council to determine how it balances these, and this will depend on its risk appetite. This analysis is shown in Table 4. In most cases, assets are grouped together by type. Assets that are held for income generation purposes are revalued annually. This valuation is on a fair value basis. Unless detailed below the asset is considered to provide sufficient security.

Definitions:

Security- In traditional treasury terms, this is the possibility that other parties fail to pay amounts due to the Authority. For commercial investments it relates to how susceptible they are to changes in value and market conditions.

Liquidity- This is the possibility that the Authority may not have funds available to meet its commitments to make payments. In general it relates to how easy it is to sell an asset.

Yield- The income return on an investment or asset, such as the interest received or rental income from holding a particular investment or asset.

Table 4

Asset (or type of asset)	Security	Liquidity	Yield
Ground leases- mainly of commercial premises in Royston, Letchworth and Hitchin (£15.5m by value)	Generally subject to long leases where the land has been built on. The building would become owned by the Council if there was a default on the lease agreement. Therefore, high security.	It is possible that the Council could try and sell to the leaseholder. Otherwise low liquidity in common with commercial premises.	The assets have been owned for a number of years. Valuations are based on the yield generated.
Churchgate Shopping Centre, Hitchin-ground lease (value £1.9m)	A long lease with upward only rent reviews.	On the basis that it generates a reasonable rental stream, likely to be some interest as an investment. Therefore low to medium liquidity.	Valuations are based on the yield generated.
Letchworth Town Hall (value £0.6m)	25 year lease (from 2012) where the tenant has provided significant investment.	Very low liquidity as would require someone to be interested in this type of building. Listed so would limit redevelopment.	Valuations are based on the yield generated.
Bungalow, Gernon Road, Letchworth (value £0.4m)	Not currently let as a residential premises.	Medium liquidity as part of potential land sale.	None currently
Beverley Close Store, Royston (value £0.1m)	15 year lease from 2017	Low liquidity in common with commercial premises.	Valuations are based on the yield generated. Previously used as a Council store and a decision was made to retain for rental income.
Residential housing (Harkness Court)	The demand for housing is considered to be greater than an office building. Therefore the expenditure on a conversion scheme is expected to increase the security of the asset.	The asset will be more liquid with the benefit of planning permission and building regulation approval.	Not currently generating any income. The conversion will increase the capital value / enable generation of rental income.
Other assets valued at less than £0.1m (£0.3m in total)	Not fully assessed	Not fully assessed	Not fully assessed

Definitions:

Fair Value: The price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

For each of the assets in table 4, there is also a requirement to carry out a fair value assessment that demonstrates that the underlying assets provide security for the capital invested. There is a further requirement to carry out an assessment of the risk of loss. This assessment generally relates to investments in commercial activities so includes items that may be less relevant to the majority of our assets. In total the risk assessment covers:

- Assessment of the market that competing in, including nature and level of competition, market and customer needs including how these will evolve over time, barriers to entry and exit, and ongoing investment required.⁴⁺
- Use of external advisers and how the quality of these is monitored
- Whether credit ratings are used and how these are monitored
- Any other sources of information that are used

The assessments described above are shown in table 5. In most cases the assets are grouped together by type.

Table 5

Asset (or type of asset)	Fair value assessment	Assessment of the risk of loss
Ground leases- mainly of commercial premises in Royston, Letchworth and Hitchin (£15.5m by value)	Valued on a fair value basis. The valuation is based on rental yields.	Subject to competition from other sites within the same industrial areas and other locations. Difficult (uneconomic) for current lessees to exit due to lease terms and investment in the site. Any maintenance is the responsibility of the leaseholder.
Churchgate Shopping Centre, Hitchin-ground lease (value £1.9m)	Valued on a fair value basis. The valuation is based on rental yields.	External valuations have been commissioned in recent years. These have highlighted the difficulties that face retail and shopping centres in particular. However, the freehold that the Council has is on beneficial terms, and as a result there is a market due to investment returns. Maintenance is the responsibility of the leaseholder. Valuation reports have been checked and challenged by the Council's chartered surveyors.
Letchworth Town Hall (value £0.6m)	Valued on a fair value basis. The valuation is based on rental yields.	The building has some unique features in relation to its prominence and location. However, overall there currently an over-supply of office accommodation in Letchworth. Difficult (uneconomic) for current lessees to exit due to lease terms and investment in the building. Any maintenance during the lease term is the responsibility of the leaseholder.
Beverley Close Store, Royston (value £0.1m)	Valued on a fair value basis. The valuation is based on rental yields.	Subject to competition from other sites within the same industrial areas and other locations. Currently let to a company with significant property interest nearby. Might be difficult to re-let.

Asset (or type of asset)	Fair value assessment	Assessment of the risk of loss
Bungalow, Gernon Road, Letchworth (value £0.4m)	Valued on a fair value basis, reflecting residential property prices	<p>As a residential property, demand remains relatively good. It is competing against other residential properties on the market. There is a risk of a general down-turn in residential property prices.</p> <p>As part of a wider development, a sale has been agreed subject to planning. This is expected to complete around April 2020.</p> <p>If this sale was not successful, an alternative plan would be to retain the property and let through a Council owned company, which would then generate a revenue income.</p>
Other assets valued at less than £0.1m (£0.3m in total)	Not fully assessed	Not fully assessed

Under the 'Use of Capital Receipts Direction', the Council can treat certain specified revenue spend as capital. Further details of the direction are shown below. Where this direction is used, the spend is included in the capital forecasts in tables 3, 6 and 7.

Use of Capital Receipts Direction:

The Capital Receipts direction has been used to fund the decommissioning of pavilions and play areas in 2018/19. There are no plans to make further use of the Direction in the period 2019/20 – 2023/24.

For all assets the future capital cost of maintaining those assets has been considered, and gives the following future capital spend requirements (table 6).

Table 6

Asset	Description of future capital expenditure	Forecast Capital Expenditure (£000)					
		2020/21	2021/22	2022/23	2023/24	2024/25	2025/26 to 2029/30
Existing Capital Programme-schemes 2020/21 onwards							
Various	Capital maintenance based on condition surveys	433	255	0	0	0	0 (tbc)
Computer Software & Equipment	To maintain IT services	160	80	475	59	367	1,604
Letchworth Multi-storey car park		134	0	0	0	0	0
Parks and Playgrounds – Howard Park and Holroyd Cres	Replacement and renovation	85	0	0	0	0	0
Various	Private sector housing grants (REFCUS)	60	60	60	60	60	300
Various Leisure Facilities	Condition Survey enhancements	23	0	39	140	0	0
New Capital Programme							
Cemeteries: St Johns, Ickneild Way, Wilbury Hills	Enhance footpaths	20	60	0	10	40	30
Computer Software & Equipment	To maintain IT services	83	0	30	95	54	142
Hitchin Swim Centre	Refurbishment and boiler replacement	40	20	30	40	200	905
North Herts Leisure Centre	Refurbishment and boiler replacement	290	250	130	290	0	270
Royston Leisure Centre	Refurbishment	0	0	255	0	150	380
Various Parks and Playgrounds	Enhancements	0	180	268	405	215	900
NH Museum and Community Facility	Platform Lift Solution	40	0	0	0	0	0
Mrs Howard Hall	Replace Boiler & Windows	63	0	0	0	0	0
Reprogramming (as at Quarter 2)							
Various	Growth Fund Projects	185	0	0	0	0	0
Computer Software & Equipment	To maintain IT services	232	0	0	0	0	0
Various off-street car parks	Resurfacing	0	0	47	0	0	0
Lairage Multi-storey car park	Lifts refurbishment and safety improvements	471	0	0	0	0	0
St Mary’s Car Park	Replace and enhance lighting	60	0	0	0	0	0
Various Leisure Facilities	Condition Survey enhancements	64	0	0	0	0	0

Asset	Description of future capital expenditure	Forecast Capital Expenditure (£000)					
Wilbury Recreation Ground	Replace items of play equipment	10	0	0	0	0	0
Total		2,453	905	1,334	1,099	1,086	4,531

The totals for 2025/26 to 2029/30 are estimates only and could be subject change. These should be treated as early indications only, and formal approval of these amounts is not required.

The revenue maintenance of these assets has also been considered. The Council has chosen to allocate a central budget of £185k per year for this purpose. In previous years this has been sufficient. Works will be carried out as required.

New Capital Assets

There are also proposals for the following capital expenditure on new capital assets and expenditure on existing assets that is not related to capital maintenance (table 7).

Table 7

Asset	Reason for capital expenditure	Forecast Capital Expenditure (£000)					
		2020/21	2021/22	2022/23	2023/24	2024/25	2025/26 to 2029/30
Existing Capital Programme-schemes 2012/21 onwards							
Walsworth Common Pavilion	New pavilion	0	300	0	0	0	0
Royston Leisure Centre	Extension to provide a new multi-functional room and increase size of fitness room	0	0	1,000	0	0	0
John Barker Place	Contribution to redevelopment	1,096	0	0	0	0	0
Community Centres and Halls (various)	Grants for refurbishment of community facilities. Relates to properties that are not owned by the Council (REFCUS)	120	0	0	0	0	0
New Capital Programme							
Acquisition of Property Investments	Acquisition of Property Investments	4,000	4,000	4,000	4,000	4,000	0
NH Museum and Community Facility	Museum Storage Solution	1,000	200	0	0	0	0
On-Street Parking	Parking Charging, Payment & Management	235	0	0	0	0	0

Asset	Reason for capital expenditure	Forecast Capital Expenditure (£000)					
Waste and Recycling	Vehicles	0	0	0	0	0	4,000
Waste and Recycling	Northern Transfer Station	0	0	0	0	1,600	0
Hitchin Town Hall	Hitchin Town Hall Additional Bar & Glasswre Infrastructure	25	0	0	0	0	0
Reprogramming (as at Quarter 2)							
S106 funding for Hockey Pitch Royston	New Hockey Pitch	129	0	0	0	0	0
Community Centres and Halls (various)	Grants for refurbishment of community facilities (REFCUS)- allocated in 2020/21 but could be spent across a number of years.	300	0	0	0	0	0
Total		6,905	4,500	5,000	4,000	5,600	4,000

Below is an estimate of the total capital expenditure to be incurred in the years 2020/21 to 2024/25. This is based on tables 6 and 7. This is a Prudential Indicator and the Council is required to set a target for it and monitor against it during the year.

Prudential Indicator 1: Estimate of total capital expenditure to be incurred in years 2020/21 to 2024/25

Year	£m
2020/21	9.357
2021/22	5.405
2022/23	6.334
2023/24	5.099
2024/25	6.686

A full list of planned future capital expenditure (2020/21 onwards) is provided as Appendix A1. A list of new capital schemes and schemes planned to commence from 2020/21 is provided in Appendix A2.

Where this proposed expenditure does not relate to service delivery, the security, liquidity and yield in relation to this spend has been considered (table 8).

Table 8

Asset (or type of asset)	Security	Liquidity	Yield
Residential Property	<p>The underlying value of residential property generally appreciates over the medium term due to the overall shortage of supply. Individual market factors will be considered prior to acquisition.</p> <p>It is likely that the property will be held through a company. The Council's interest will therefore be secured via a loan or equity holding. Any loan can be secured against property. Any equity interest does not offer the same security, but it may be required due to HMRC rules on the funding of companies.</p>	Property is a medium to long-term asset due to the costs of buying and selling. However it is generally possible to sell residential property within a reasonable time-frame if priced accordingly.	The expected rental yield will be compared to the costs of acquisition or construction as part of the business case.
Investments in line with the Property Acquisition and Development Strategy (£20m)	<p>As detailed in the Property Acquisition and Development Strategy, the security of investments will be given a high weighting in determining which ones to take forward. However there will always be some risk relating to both general market conditions and specific factors relevant to individual properties. Spreading the total investment over a number of properties will help mitigate the second of these.</p>	Property is a medium to long-term asset due to the costs of buying and selling, and that property markets can be cyclical in nature. The Property Acquisition and Development Strategy targets those properties that are considered to be more liquid e.g. they have a wider range of tenants and/ or uses.	To reflect the risk of property investment a net surplus of 1.5% (above borrowing, administration and acquisition costs) will be targeted as a minimum.

For these assets, table 9, also details an assessment of the risk of loss. This covers the same factors that have been detailed previously. Where relevant, assets have been grouped together.

Table 9

Asset (or type of asset)	Assessment of the risk of loss
Residential Property	This will be fully assessed as part of the business case for the acquisition of any properties.
Investments in line with the Property Acquisition and Development Strategy	This will be fully assessed as part of the business case for the acquisition of any properties.

Part 3- Capital balances, receipts and the Capital Financing Requirement (CFR)

Capital Funding

The Council forecasts the following additions to its capital receipts (table 10). All the planned disposals are surplus land that is being sold to generate capital receipts. The disposals will also reduce the risks and costs of holding the land. Due to the potential impact on negotiations over disposal values, individual values are not detailed.

Table 10

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26 to 2029/30
Forecast Receipts (£000)	890	8,712	6,800	Tbc	Tbc	Tbc

The above timing and values are an estimate only. Actual timings will depend on market conditions and time taken for planning permission to be granted (where sales values are subject to planning). The Council will seek to maximise the sales values it can achieve.

As a result of planned expenditure in 2019/20 and future years, the Council forecasts the following use of funding for capital (table 11).

Table 11

Funding Source	Brought forward (at 31/3/19)	Forecast expenditure and funding sources (£000)						
		2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26 to 2029/30
Capital Expenditure		5,886	9,357	5,405	6,334	5,099	6,686	8,531
Less: Set-aside receipts used	5,910	3,562	2,348	0	0	0	0	0
Less: Capital receipts used	2,580	1,299	2,645	5,118	6,334	3,989	60	0
Less: Grant funding used		578	185	0	0	0	0	0
Less: IT Reserve used		5	0	0	0	0	0	0
Less: S106 receipts used		229	399	37	0	0	0	0
Less: Funding from revenue		0	0	0	0	0	0	0
Less: Other Capital Contributions		213	0	250	0	0	0	0
Borrowing requirement		0	3,780	0	0	1,110	6,626	8,531

Definitions:

Capital receipts- money received from the sale of surplus assets.

Set-aside receipts- previously money generated from the sale of surplus assets was not defined as capital receipt. The residual funding that the Council has (which is mainly from the sale of its housing stock to North Herts Homes) is treated as a set-aside receipt. In essence these are treated in the same way as capital receipts.

The borrowing requirement is the balancing item. It is also known as the Capital Financing Requirement (CFR). This is a Prudential Indicator and the Council is required to set a target for it and monitor against it during the year.

Prudential Indicator 2: Capital Financing Requirement

Year	£m
As at 31 st March 2019 (actual)	-6.0
As at 31 st March 2020 (forecast)	-2.4
As at 31 st March 2021 (forecast)	3.8
As at 31 st March 2022 (forecast)	3.8
As at 31 st March 2023 (forecast)	3.8
As at 31 st March 2024 (forecast)	4.9

Where the Council has a Capital Financing Requirement (i.e. the borrowing requirement is positive) then it:

- Must make a charge to revenue for a Minimum Revenue Provision.
- Can choose whether to borrow internally or externally.

Part 4- Borrowing Strategy and Minimum Revenue Provision (MRP)

Borrowing strategy

Definitions:

Internal Borrowing- Even when the Council has no capital reserves, it can borrow internally against its revenue balances and reserves. This uses the cash that is available and is different to funding capital from revenue. The Council is still required to have a Minimum Revenue Provision, but does not incur any external interest costs. Interest income from investing the revenue balances and reserves would be lost.

External Borrowing- Borrowing from a third party (e.g. Public Works Loans Board, a Local Authority or a financial institution). Interest costs would be incurred, as well as having to make a Minimum Revenue Provision.

Based on Prudential Indicator 2 (page 18) the Council has a Capital Financing Requirement from 2020/21 onwards and therefore does have a need to borrow.

If the Council had a borrowing requirement, then in order to determine whether to borrow internally or externally, it must consider the level of revenue reserves and provisions that it has, and when it expects that these will be spent. Forecasts of the revenue budget give the following estimates (table 12). These totals are also used in determining the cash that it has available for investment.

Table 12

Revenue balance	Brought forward (at 31/3/19)	Forecast balance at year end						
		2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26 to 2029/30
General Fund ¹	7,862	8,400	8,400	8,232	7,717	7,610	7,610	7,610
Add back MRP	0	0	0	0	0	0	0	0
Revenue Reserves ²	7,183	7,683	8,183	8,683	9,183	9,683	10,183	6,183
S106 balances	3,159	2,930	2,494	2,494	2,494	2,494	2,494	2,494
Provisions	1,527	1,527	1,527	1,527	1,527	1,527	1,527	1,527
Outstanding Debt	440	423	4,185	3,978	3,769	4,670	11,030	15,276
Total	20,171	20,963	24,789	24,914	24,690	25,984	32,844	33,090

1 Based on General Fund forecasts as per 'Revenue Budget 2020/21' report up to 2023/24, then assumed that net expenditure and funding will match.

2 Revenue Reserve balance as at 31/3/19 as per 'Revenue Budget 2019/20' report. Then increases in line with contributions to waste vehicle reserve at £500k per year for 7 years. At end of 7 years assumed that this funding will be used to fund new waste vehicles. For simplicity this ignores some of the fluctuations in reserve balances that are detailed in the 'Revenue Budget 2020/21' report.

MRP is added back as it is not an outflow of cash and can be used for internal borrowing. The cash outflow happens when the borrowing is repaid. As explained in the Revenue Budget report, MRP has not been reflected in the revenue budgets so there is not a need to add it back.

As well as the availability of revenue funding, the Council would also need to consider the advantages and disadvantages of external borrowing. Interest rates are still at very low levels and are only expected to go up, which will increase the cost of external borrowing in the future. It may

also be possible to generate higher returns from investing revenue reserves than the interest costs that would be saved. However this has to be balanced against the certainty of interest costs that will be incurred as soon as borrowing is taken out. There is also a need for the Council to retain a certain buffer of revenue reserves as cash to manage the peaks and troughs in its cash balances. Whilst the Council can borrow for short-term cash-flow needs, this can become expensive. Whatever strategy is adopted, it should be prudent.

Without the forecast capital receipts income, the Council's borrowing need would be a lot higher. These receipts are subject to estimates both in terms of value and timing. Given this uncertainty it is considered that the Council should assume that it will need to borrow externally. This will be given further consideration at the time that any borrowing is needed. If the forecast is that the need is more likely to just be for a short period (e.g. there is greater certainty over capital receipts) or there is a clearer indication over future interest rates (e.g. they are not likely to rise) then internal borrowing will be reconsidered. It is also possible that there will not be the need to borrow that is identified if there is slippage on the capital programme.

Table 13

	Brought forward (at 31/3/19)	Forecast amount of borrowing in year (£000)							Carried forward (at 31/3/30)
		2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26 to 2029/30	
Total borrowing requirement	440	0	3,780	0	0	1,110	6,626	8,531	0
Made up of:									
Internal borrowing	0	0	0	0	0	0	0	0	0
External borrowing	440	0	3,780	0	0	1,110	6,626	8,531	15,276

The brought forward borrowing total is made up of historic borrowing that it is not cost effective to pay off. This is because the interest that would be payable over the course of the remaining loan has to be paid upfront instead. The reduction is due to these being loans that are repaid in instalments.

Definitions:

Operational Boundary: This is the limit beyond which external debt is not normally expected to exceed.

Authorised Limit: This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

Prudential Indicator 3: External Debt

Year	Forecast Borrowing £m	Forecast other long- term liabilities¹ £m	Forecast Total External Debt £m	Operational Boundary £m	Authorised Limit £m
As at 31 st March 2019 (forecast)	0.440	2.628	3.068	4.2	10
As at 31 st March 2020 (forecast)	0.423	2.125	2.548	4.0	10
As at 31 st March 2021 (forecast)	4.185	1.622	5.807	6.9	12
As at 31 st March 2022 (forecast)	3.978	1.119	5.097	6.9	12
As at 31 st March 2023 (forecast)	3.769	0.616	4.385	5.5	12
As at 31 st March 2024 (forecast)	4.670	0.113	4.783	6	12
As at 31 st March 2025 (forecast)	11.030	0	11.030	12.1	18

1 Comprises the finance lease relating to Letchworth Multi-storey car park and the forecast impact of the finance lease for waste vehicles.

The external borrowing forecast can be used to give an indication of the borrowing that may be required, which is combined with outstanding existing borrowing (table 14). The Council will also borrow for short-term cash-flow needs if required. The actual borrowing that is taken out will depend on the latest forecasts and the offers that are available at the time that it is required. There will also be a consideration of when any other borrowing becomes due, with the aim of achieving a spread of these dates. This is to try and avoid refinancing risk. The Council is required to set indicators for the maturity structure of its borrowing. Given the low level of borrowing that the Council currently has and is forecast to have, it is considered appropriate to maintain full flexibility as to the exact duration of any borrowing undertaken. This is reflected in the indicators set out as Treasury Indicator 4 below.

Table 14

Loan Type	Start date	Duration (years)	Maturity date	Amount Borrowed (£)	Balance Outstanding 31/03/20 (£)	Interest Rate (actual or forecast) (%)	Current Annual interest cost (£)
PWLB	08/01/49	80	Oct 2025	5,346	990	3.125	34
	16/09/49	80	Jul 2029	380	46	3.0	1
	10/05/46	80	Jan 2026	10,150	1,797	3.125	62
	12/11/48	80	Jul 2028	13,885	3,420	3.0	110
	23/09/60	60	Jul 2020	4,570	139	6.125	21
	18/08/61	60	Jul 2021	13,817	1,376	7.0	141
	28/07/64	60	Jul 2024	15,801	3,801	6.0	260
	02/03/65	60	Jan 2025	19,558	5,153	6.0	348
	01/10/65	60	Jul 2025	33,976	9,710	6.0	648
	05/07/66	60	Jan 2026	35,000	10,761	6.0	711
	02/08/66	60	Jul 2026	50,000	16,425	6.0	1,076
	18/03/68	60	Jan 2028	40,000	17,820	7.375	1,403
	03/01/69	60	Jul 2028	53,027	26,301	8.125	2,265
	06/03/70	60	Jan 2030	20,100	11,630	8.75	1,064
	24/11/70	60	Jul 2030	18,714	11,696	9.5	1,156
	26/01/71	60	Jan 2031	25,000	16,277	9.75	1,646
	05/03/71	60	Jan 2031	12,500	7,908	9.25	760
	05/03/71	60	Jan 2031	25,000	15,820	9.25	1,520
	31/05/46	80	Jan 2026	9,570	1,773	3.125	62
	28/02/47	80	Jan 2027	5,832	1,079	2.5	30
	18/10/46	80	Jul 2026	1,527	264	2.5	7
	20/02/48	80	Jan 2028	14,952	3,492	3.0	113
	22/09/50	80	Jul 2030	654	193	3.0	6
	27/08/82	60	Jul 2042	250,000	250,000	11.5	28,750
	07/12/45	80	Sep 2025	1,500	259	3.125	9
	16/09/49	80	Sep 2029	640	174	3.0	6
	20/03/53	80	Mar 2033	1,020	439	4.125	19
	23/10/53	80	Sep 2033	750	317	4.0	13
	20/11/53	80	Sep 2033	420	181	4.0	8
	25/04/52	80	Mar 2032	480	196	4.25	9
	30/01/48	80	Sep 2027	1,560	344	3.0	11
	20/09/45	80	Sep 2025	16,690	3,076	3.125	111
Total					422,857		

Definitions:

Refinancing Risk (or Maturity Risk): The risk that if all borrowing becomes due for repayment at the same time that this will be at a time when the costs out taking out new borrowing (refinancing) are very high.

To manage refinancing risk, the Council sets limits on the maturity structure of its borrowing. However these indicators are set relatively high to provide sufficient flexibility to respond to opportunities to repay or take out new debt (if it was required), while

remaining within the parameters set by the indicators. Due to the low level of existing borrowing, the under 12 months limits have a broad range to allow for cash-flow borrowing (if it was required).

Treasury Indicator 4: Maturity Structure of Fixed Interest Rate Borrowing

Maturity period	Lower %	Upper %
Under 12 months	0	100
12 months to 2 years	0	50
2 years to 5 years	0	60
5 years to 10 years	0	100
10 years to 20 years	0	100
20 years and above	0	100

The Council does not place any restrictions on where it can borrow from. This is because the Council will hold the money and therefore there is not a risk around the security of the funds. In practice any borrowing is likely to come from the Public Works Loan Board, UK banks, UK building societies and other Local Authorities. All borrowing will be denominated in GBP Sterling. The decision on any borrowing will be made by the Chief Finance Officer, and reflect the advice of the Council's treasury advisers.

The Council can enter in to borrowing arrangements at both fixed and variable rates. Variable rate borrowing has a greater risk and so therefore Treasury Indicator 5 limits the amount of borrowing that can be at a variable rate. To aid administration and monitoring, the limits are shown as £ values but are based on percentages of the Operational Boundary. Borrowing at fixed rates can be up to 100% (inclusive) of the Boundary, and variable rate borrowing can be up to 30% of the Boundary.

Definitions:

Fixed Rate: The rate of interest is set at the point the borrowing is taken out and remains at the same percentage rate for the full term of the loan.

Variable Rate: The rate of interest varies during the term of the loan and usually tracks prescribed indicator rate (e.g. Bank of England base rate)

Treasury Indicator 5: Fixed and Variable Borrowing Rate Exposure

Year	Operational Boundary relating to borrowing excluding long term liabilities £m	Limit on Fixed Rate borrowing £m	Limit on Variable Rate borrowing £m
2019/20	1.6	1.6	0.5
2020/21	1.5	1.5	0.5
2021/22	5.3	5.3	1.6
2022/23	5.8	5.8	1.7
2023/24	4.9	4.9	1.5
2023/24	5.9	5.9	1.8
2024/25	11.8	11.8	3.5

There is a requirement for the Council to consider the proportionality of the income that it generates from its non-service (investment) assets and how this compares to any borrowing that is linked to those assets. Current and planned investment assets were detailed in table 3 and table 8. Treasury indicator 6 shows the capital value and expected income from these assets, alongside any borrowing that is attached to those assets and the expected cost of that borrowing.

The totals below are based on existing investment assets and spend in line with the capital programme on residential property and investments in line with the Property Acquisition and Development Strategy. The annual income is based on forecasts for the existing investments and an assumed return of 7% for new investments (2.5% MRP + 3% interest + 1.5% margin). The loans are in accordance with the identified need to borrow and the cost of borrowing is assumed at 5.5% (2.5% MRP and 3% interest).

Treasury Indicator 6: Income from investment assets and the costs of associated borrowing

Year	Capital value of investment assets £m	Expected annual income from investment assets £m	Loans linked to investment assets £m	Expected annual borrowing costs for loans linked to investment assets £m
2020/21	25.820	1.663	3.780	0.208
2021/22	29.820	1.943	3.780	0.208
2022/23	33.820	2.273	3.780	0.208
2023/24	37.820	2.603	4.891	0.269
2024/25	41.820	2.883	11.516	0.633

The Council would not borrow money at a low rate to try and reinvest that money to earn a higher interest rate, and profit from the margin between the two rates. However, the new waste contract requires the use of vehicles that are provided by the contractor. The Council has taken the view that it receives the risks and rewards of those vehicle assets. Under accounting regulations it is therefore required to treat this as a finance lease embedded within the contract. This requires the Council to recognise the vehicle assets as belonging to it, alongside a liability. The liability is effectively repaid through the contract sums over the seven years of the contract.

The extended definition of borrowing in advance of need now covers borrowing for capital investments where they are acquired purely to generate profit. This could be considered to apply to the purchase of housing for renting at market rates. However this has been in the capital programme for a few years and is funded from capital receipts, so is not subject to this restriction. As detailed in the property development and acquisition strategy the primary purpose of the £20m investment is for the purposes of the Council's functions or the benefit, improvement or development of the area. Any surplus is necessary to justify this investment but is not the primary purpose.

Minimum Revenue Provision

When the Council has a Capital Financing Requirement (CFR) it is required to make a charge to the General Fund (revenue budget) called a Minimum Revenue Provision (MRP). Subject to guidelines, the Council sets its MRP policy, which is detailed below:

Minimum Revenue Provision:

The Council is required to have a Minimum Revenue Provision (MRP) policy, and when required make charges to revenue in accordance with that policy.

The Council will use the asset life method. The MRP amount will be spread over the estimated life of the assets, in accordance with the regulations. The Council will apply one of the two approaches below based on the project(s) that the borrowing is used for and the benefits derived from the project(s).

- Equal instalments – The principal repayment made is the same each year.
- Or
- Annuity – the principal repayments increase over the life of the asset. This has the advantage of linking MRP to the benefits arising from capital expenditure, where these benefits are expected to increase over the life of the asset.

The Council will have a need to borrow in 2020/21 if the Capital programme is fully spent and will therefore need to apply a Minimum Revenue Provision (MRP). The current capital programme is a combination of spend on service provision and investments that should generate a consistent return over time. Therefore it is considered appropriate to adopt an equal instalment MRP policy. This can be reviewed in future if the Council ever looked at an investment with a return profile that increased over the life of the asset.

There is a prudential indicator that compares the net cost of financing (i.e. borrowing costs less income generated from investments) with the net revenue budget of the Council. This will be looked at later in this document after considering investments and their forecast returns. However the indicator below considers the cost of borrowing as a % of the net revenue budget of the Council.

Treasury Indicator 7: Cost of borrowing (interest and MRP) as a % of the net revenue budget 2020/21 to 2024/25

Year	Estimated cost of borrowing (£m)	Forecast net revenue budget (£m)	Estimated cost of borrowing as a % of net revenue budget (%)
2020/21	0.249	14.974	1.66
2021/22	0.248	14.819	1.67
2022/23	0.247	14.797	1.67
2023/24	0.306	14.675	2.09
2024/25	0.668	14.675	4.55

Part 5- Investment Strategy

Based on the assumptions above the following available investment balances are assumed. This includes a forecast of revenue reserves, capital reserves, capital financing requirement and external borrowing (table 15).

Table 15

Balances	Brought forward (at 31/3/19)	Forecast balance at year end (£000)					
		2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Revenue balances (including MRP added back)	20,171	20,963	24,789	24,914	24,690	25,984	32,844
Capital Receipts	2,580	1,755	0	3,523	4,977	0	0
Capital Grants Unapplied	938	938	938	938	938	938	938
Add: Long-term liabilities ¹	2,628	2,125	1,622	1,119	616	113	0
Less: Capital Financing Requirement	-5,974	-2,411	3,717	3,717	3,717	4,827	11,453
Less: Borrowing repayments	16	17	18	207	209	209	267
Total forecast of available for investment	32,275	28,175	23,614	26,570	27,295	21,999	22,062

1 The net position of money owed by the Council or to the Council can lead to increased or decreased cash available for investment. The short-term position is assumed to be net zero. Long-term liabilities are included as the expenditure has been assumed to have been incurred, but the cash has not yet been paid. This primarily relates to the waste vehicles.

The Council needs to consider the following in determining how long it will invest any surplus cash for:

- The period that any particular cash balance is available for. If a balance is expected to be available over a long period then it is possible to invest it over a long period.
- How much might be required to cover short term variations in cash. For example, it could be forecast that the cash at the start and end of the month will be the same. But if there is a need to pay out half that cash at the start of the month before getting an equivalent amount just before the end, then there is a need to plan.
- The risk of investing for longer periods as it increases the chance that the counterparty could have financial problems and therefore not pay back the principal invested and/ or the interest due.
- The risk of investing for longer periods as it could lead to a lost opportunity. If the investment is at a fixed rate and then there is a general rise in rates available (e.g. due to an unexpected Bank of England base rate rise) then it would not be possible to take advantage of the new improved rates until the investment matures.

Before considering where the Council will invest any surplus cash in treasury investments, it firstly needs to consider any loans that it may want to make for other purposes. A local authority can

choose to make loans to local enterprises, local charities, wholly owned companies and joint ventures. These loans can relate to service provision or to promote local economic growth. These loans may not seem prudent when considered purely in relation to security and liquidity. Table 16 details current and planned loans and shows the reasons for these loans, how their value is proportionate, the risk of loss and credit control arrangements that are in place.

Table 16

Loan	Amount (£000)	Reason for Loan	Proportionality of value	Expected Credit Loss model and credit control
Building Control	107	To support the formation of the company. The Council is also a shareholder in the company, owning 1/7 th of the shares.	Insignificant in the context of overall cash balances. Around 0.4% of total investments.	Regular monitoring of financial forecasts and business plans. The continuation of the company to provide Building Control services is more significant than the value of the loan.
Wholly owned Property Company	Tbc, up to £3m	To provide the company with finances to purchase and develop property assets. These properties will then be let or sold to generate income and profit.	Based on investment limits in table 17 below, it could be the equivalent of one investment in a bank or building society. Also included within treasury limits to ensure diversification in relation to residential property.	Any loan would be secured against the property assets of the company. Expected credit loss would be looked at in more detail in advance of any loans being granted, and linked to the planned use of those funds.

When the Council invests its surplus cash it seeks to find reliable counterparties to ensure that the amount invested (and the interest earned) is returned. The Council has decided that it is prepared to take on a higher level of risk than recommended by its treasury advisers in relation to unrated Building Societies and the duration of its investments. This risk is mitigated by reviewing published information in relation to unrated Building Societies (i.e. "Pillar 3" reports and reports by accountancy firm KPMG). Whilst the Council has in the past been fairly highly exposed to Building Societies, it has rebalanced this exposure during the last couple of years to make greater use of other investment types.

The following criteria are used to determine the list of counterparties:

- UK Local Authorities- as they are able to raise additional funds from taxation
- UK Government- Debt Management Office provides highly liquid investments at the lowest risk as backed by the UK Government
- UK Banks and Building Societies with a Fitch Credit rating of BBB (long-term)/ F3 (short-term) or greater- as they have been subject to UK 'stress tests' and also have a high credit rating
- Part-nationalised UK banks- as they have been subject to UK 'stress tests' and the UK government has an increased interest in not allowing them to fail.
- The Council's own banker (Lloyds) that it uses for transactional purposes. Although if its credit rating falls below BBB then any balances will be kept to a minimum (i.e. for cashflow purposes only)
- Non-UK banks with a UK subsidiary that have a Fitch Credit rating of BBB (long-term)/ F3 (short-term) or greater, and are subject to the same stress tests as UK banks
- Non-UK banks where the Country has a AAA rating and the institution has a AA-and above rating.
- Unrated UK Building Societies- as organisations have to pay to obtain a rating; most Building Societies do not get one. They do produce annual reports known as Pillar 3 reports, and these will be used to assess their credit worthiness. Furthermore the Council will only invest in Building Societies that have assets of at least £300m, which limits the potential exposure.
- Money Market funds that are AAA rated.
- Property funds that hold property within the UK.
- Ultra Short Dated Bond Funds- These funds invest in fixed income instruments with very short maturity dates, usually up to one year. This generally provides better returns than money market funds. Whilst this does introduce some capital risk, this is minimised by the short-term nature of such investments. Where AAA rated.

All investments will be denominated in Sterling.

The Council will seek to appropriately diversify its investments across a range of types and counterparties. This means that if there were any security or liquidity issues with a particular type of investment or counterparty, the Council would still have access to the majority of its funds. The limits are initially based on a percentage of total funds, but are converted to actual values to make the administration of investments more efficient. The values are calculated by applying the percentages to the expected balance at the end of the year (2020/21)* and then rounded up to the nearest £1m. If these limits are set too low then it limits the investment opportunities available and also increases the administration as there is then a need to find more places to invest available funds. The limits are shown in table 17 below.

* This is the balance taken from table 15 above of £23.6m, but adjusted for the £3m potential capital investment in residential investment. This is included as the £3m investment is included within the limits to ensure diversification.

Table 17

Investment Type	Maximum amount in that type of investment (£m)	Maximum amount in group (£m)	Maximum amount with any individual counterparty (£m)	Rationale and details
Debt Management Office (UK Government)	No limit			Short-term investment with UK Government that is therefore the lowest possible risk
UK Local Authorities	No limit	n/a	3	10% with any one counterparty, no limit on total with Local Authorities due to tax raising powers
UK Banks and UK subsidiaries of foreign banks that are subject to the same stress tests as UK banks (excluding Lloyds current account)- includes Deposits and Certificates of Deposit	20	4	3	Rating F3 or above (short-term) or BBB or above (long-term) and part nationalised banks. 10% with any one counterparty, 15% with institutions in the same banking group, 75% with banks in total
Lloyds Current Account		n/a	5	Used for cashflow purposes
Non-UK banks- includes deposits and Certificates of deposit		7	3	AAA Country rating and AA-and above institution rating. Maximum of 10% with any one counterparty. Maximum of 25% in non-UK banks. 75% in banks in total.
UK Building Societies- assets of £300m to £1bn	n/a	16	2	Review of Pillar 3 reports and KPMG report on comparative profits. 10% with any one counterparty subject to maximum of £2m. Maximum of 60% with UK Building Societies and Property Funds combined.
UK Building Societies- assets of over £1bn			3	As above, but £3million
Rated UK Building Societies			3	Rating F3 or above (short-term) or BBB or above (long-term). 10% with any one counterparty.
Residential Property Investment	3		N/A	Up to £3M in line with Capital Programme. Maximum of 60% in Residential Property Investments and Building Societies combined.
UK Property Funds	3		3	10% in any one fund or combination of funds. No durational limits.
Money Market Funds	7	n/a	3	AAA rated. Maximum of 25% in MMFs and 10% with any one fund.
Ultra-Short Dated Bond Funds	3		1	AAA rated. Maximum of 10% in USDBFs and £1M with any one fund.

The Council will primarily limit its liquidity risk by only investing money until it thinks it will next need it. On top of this it will also have a general limit on investments that are greater than 1 year (365 days). This limit is based on 40% of total investments, but is again reflected as an absolute value of **£11m** (was 12m), which is based on 40% of the expected level of investments at the end of the year. Investments with a set term of greater than 2 years will be subject to approval by the Chief Finance Officer, which will include a consideration of how much the investment will be as a percentage of total funds at the date it matures. It will be ensured that this is less than 40% of the estimated balance. No investment term will exceed 5 years.

Investment funds (money market funds and property funds) do not have a set term and funds can be requested to be withdrawn at any time. Investment balances will be kept under review to ensure that they do not exceed the maximum amount set by this or subsequent treasury strategies. However there is no time limit on the period that funds can be held invested for. For property funds there are both up-front set up and exit costs. Furthermore, the capital value of these funds also fluctuates over time. So whilst in general it is possible to exit these funds at any time, there are likely to be more optimum times to do so. Therefore it is expected that the period of investment could exceed 5 years.

Within the investment market, the opportunity for 'green' investments is starting to emerge. These are offering returns that are similar to, or the same as, non-green alternatives for the same level of risk. Subject to these investments being compliant with other aspects of the treasury strategy, then these investments will be prioritised over non-green alternatives.

In general the Council will access treasury deals directly, rather than using a cash manager. In the current market, the Council is able to get the same (or very similar) rates as a cash manager and this therefore avoids the fees charged by the cash manager. However the Council will use a cash manager (Tradition) where it provides access to a better investment rate after accounting for the fees. As the actual investment will be with a counterparty, the Council will not set any limits on the number or value of deals that are accessed via Tradition.

Where the Council makes use of credit ratings these will be assessed immediately prior to placing an investment. The Council then receives alerts whenever ratings change and will monitor these alerts to see if an investment has fallen below the minimum criteria. For fixed term investments, it generally will not be possible to do anything in relation to a rating change. Although for a significant drop, enquiries will be made as to the exit costs involved. If these are not significant then the Council will end the investment early. For open term investments, the Council will seek to disinvest, although it will consider any exit costs (e.g. in relation to property funds).

The Council maintains a treasury risk on its risk register.

There is some link between the interest rates that the Council can expect to achieve on its investments and the Bank of England base rate. Our treasury advisors (Link) have provided the following forecasts of base rates over the next 3 years. Using this and the investment limits above, we have estimated an average interest rate that the Council will achieve on its investments in each year.

Table 18

Year	Forecast of Bank of England Base Rate as at end of the year (%)	Forecast of average interest earned on investments (%)
2019/20	0.75	1.25
2020/21	1.00	1.25
2021/22	1.00	1.25
2022/23	1.25	1.5

Combining these average interest rates with expected balances, gives a forecast of the interest that will be earned in each year.

Table 19

	2020/21	2021/22	2022/23	2023/24	2024/25
Forecast of average balance available for investment (£m)	26.1	26.2	27.4	22.2	22.2
Forecast of average interest earned on investments (%)	1.25	1.25	1.25	1.5	1.5
Forecast of interest earned (£m)*	0.326	0.327	0.343	0.333	0.334
Current interest assumed in the revenue budget.	0.300	0.167	0.167	0.167	0.167

*Due to current economic uncertainty Interest estimates in the revenue budget are lower than those forecast from multiplying the average balance by forecast interest rates. These will be reassessed each year.

The Council is required to set a prudential indicator that estimates financing costs (cost of borrowing less income from investments) as a percentage of its net revenue budget.

Prudential Indicator 8: Forecast of Financing Costs as a percentage of net revenue budget

Year	Cost of borrowing £m	Less: Forecast of interest earned £m	Net Financing costs £m	Net Revenue Budget £m	Financing Costs as a % of Net Revenue Budget £m
2019/20	0.042	0.374	-0.332	15.136	-2.193
2020/21	0.249	0.317	-0.068	14.974	-0.454
2021/22	0.248	0.344	-0.096	14.819	-0.648
2022/23	0.247	0.353	-0.106	14.797	-0.716
2023/24	0.306	0.380	-0.074	14.675	-0.504
2024/25	0.668	0.334	0.334	14.675	2.276

Part 6- Overall Risk Considerations

The risk exposures for each of the elements of this strategy are generally independent, and therefore can be considered in isolation.

The Council's investments assets generally comprise of ground leases on commercial properties that are all within North Hertfordshire. The main exception to this is the freehold of the Churchgate Shopping Centre in Hitchin. A property fund generally invests in building (and land) assets that provide higher yields, and also diversifies across the United Kingdom. They also currently tend to focus on industrial, warehouses and office buildings. This means that there is limited cross-over in risk exposure, and before investing in a property fund (current investments are zero) the Council would review the current investments of the selected fund. Furthermore this strategy limits any investment in a property fund to a maximum of £3m.

The capital programme includes an allocation of £3m for investments in market housing within North Hertfordshire. This will expose the Council to a similar risk to Building Society investments, in that they will both be influenced by the UK housing market. This is part of the rationale for reducing the amounts that can be invested in Building Societies. In general, Building Societies will have a much more diversified risk exposure e.g. by location and number of properties.

Part 7- Glossary

A number of definitions are included in the strategy when they are first referenced. These are not duplicated here. This part provides list of other terms used in this report, as well as those used in the statutory guidance.

Borrowing- a written or oral agreement where the Council temporarily receives cash from a third party (e.g. a Bank, the Public Works Loan Board or another Local Authority) and promises to return it according to the terms of the agreement, normally with interest.

Investment: This covers all of the financial assets of the Council as well as other non-financial assets that the Council holds primarily or partially to generate a profit; for example, investment property portfolios. This will include investments that are not managed as part of normal treasury management processes or under treasury management delegations. Furthermore, it also covers loans made by the Council to one of its wholly-owned companies or associates, to a joint venture, or to a third party. The term does not include pension funds or trust fund investments, which are subject to separate regulatory regimes.

Within this strategy, the term investment is used in the following contexts:

- Capital investment- expenditure to acquire or improve a capital asset.
- Investment properties- assets that are held for the purpose of generating an income.
- Cash/ treasury investments- the cash that the Council has, which is made up of revenue reserves, capital reserves and the effects of cashflow timings. These amounts are invested to manage the risks of holding cash and to generate investment income.

Financial investments: These are made up of Cash/ Treasury investments and loans. This term is defined within the statutory guidance (as specified investments, loans and unspecified investments) but has not been directly used in this strategy. Part 5 of the Strategy is focused on these investments.

Specified Investment: These are essentially short-term Cash/ Treasury investments. To be a specified investment, it needs to meet the following criteria:

- The investment is denominated in sterling and any payments or repayments in the respect of the investment are payable only in sterling.
- The investment is not a long term investment. This means that the local authority has contractual right to repayment within 12 months, either because that is the expiry term of the investment or through a non-conditional option.
- It is not capital expenditure.
- The investment is considered to be high quality or is with the UK Government , another Local Authority or a Parish/ Community Council.

High Quality investment: These are investments (specified and non-specified) which are assessed on the priority basis of security, liquidity and yield. Where relevant they make use of relevant additional information, such as credit ratings. The investments set out in part 5 are considered by the Council to be 'high quality'.

- The investment is denominated in sterling and any payments or repayments in the respect of the investment are payable only in sterling.
- The investment is a long term investment. This means that the local authority has contractual right to repayment in greater than 12 months.
- It is not capital expenditure.

- The investment is considered to be high quality or is with the UK Government , another Local Authority or a Parish/ Community Council.

Unspecified investment: In the statutory guidance, these are financial assets that are not specified investments or loans. This creates a circular definition. The Council considers that they meet the following definition:

Loan: a written or oral agreement where the Council temporarily transfers cash to a third party, joint venture, subsidiary or associate who promises to return it according to the terms of the agreement, normally with interest. This definition does not include a loan to another local authority, which is classified as a specified investment. The Council will meet the following conditions when providing such loans:

- Total financial exposure to these type of loans is proportionate;
- An allowed “expected credit loss” model has been used as set out in Accounting Standards
- Appropriate credit control arrangements are in place to recover overdue repayments in place; and
- The total level of loans by type is in accordance with the limits set out in this Strategy.

Priority	2019/20 Estimate £	2020/21 Estimate £	2021/22 Estimate £	2022/23 Estimate £	2023/24 Estimate £	2024/25 Estimate £	2025/26 - 29/30 Estimate £
Advances & Cash Incentives							
John Barker Place, Hitchin		1,096,000	0	0	0	0	0
Advances & Cash Incentives Total	0	1,096,000	0	0	0	0	0
Asset Management							
Acquisition of Property Investments		4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	0
Provide housing at market rents.	2,981,500	0	0	0	0	0	0
Council property improvements following condition surveys	79,100	432,800	255,000	0	0	0	0
Mrs Howard Hall Replace Boiler & Windows	0	63,000	0	0	0	0	0
Energy efficiency measures	8,500	0	0	0	0	0	0
Asset Management Total	3,069,100	4,495,800	4,255,000	4,000,000	4,000,000	4,000,000	0
Community Services							
Baldock Town Hall project	69,600	0	0	0	0	0	0
Refurbishment and improvement of community facilities	312,900	420,000	0	0	0	0	0
S106 Projects	128,800	128,800	0	0	0	0	0
Community Services Total	511,300	548,800	0	0	0	0	0
Computer Software and Equipment							
40 KVA UPS Device or Battery Replacement	7,000	0	11,000	0	12,000		30,000
Additional Data backup Storage		15,000		15,000		18,000	41,000
Additional PC's - Support Home Working/OAP	13,000	11,000	13,000	11,000	13,000	15,000	76,000
Additional Storage	0	25,000		13,000			45,000
Alternative to safeword tokens for staff/members working remotely		16,000		12,000		18,000	33,000
Back-up Diesel 40 KVA Generator (DCO)	20,000				25,000		0
Cabinet Switches - 4 Floors			18,000			18,000	18,000
Cadcorp Local Knowledge & Notice Board Software	10,200						0
CCTV at DCO & Hitchin Town Hall		15,000			15,000		0
Channel shift - processing of housing register applications	40,000						0
Core Backbone Switch						35,000	40,000
Cyber Attacks - Events Monitoring Software Solution	30,000						0
Data Switch upgrade				15,000		18,000	41,000
Dell Servers	0	65,000				70,000	75,000
DR Hardware Refresh Inc UPS Battery Pk (Unit 3)					55,000		60,000
DR Set-up	49,800						0
EA Agreement (MS EA)	358,000		0	390,000			888,000
Email / Web Gateway with SPAM Filtering Software Solution - Licence 3 Year Contract		39,000					0
Email Encryption Software Solution		45,000					0
Laptops - Refresh Programme		6,000	6,000		5,000		10,000
Mobile Device Management Software		18,000				18,000	0
New Blade Enclosure	0	32,000				40,000	52,000
PC's - Refresh Programme	19,800	17,000	17,000	17,000	17,000	23,000	108,000
Replacement SAN	0	110,000				115,000	120,000
Security - Firewalls	14,000	14,000		14,000		16,000	36,000
Tablets - Android Devices	14,000	12,000	15,000	18,000	12,000	17,000	73,000
Telephony system	10,600						0
WiFi Upgrades for DCO & Hitchin Town Hall		35,000					0
Computer Software and Equipment Total	586,400	475,000	80,000	505,000	154,000	421,000	1,746,000
Growth Fund Projects							
Cycle Strategy implementation (GAF)	278,000	0	0	0	0	0	0
Green Infrastructure implementation (GAF)		185,000	0	0	0	0	0
Transport Plans implementation (GAF)	250,000	0	0	0	0	0	0
Growth Fund Projects Total	528,000	185,000	0	0	0	0	0
Leisure Facilities							
Avenue Park Splash Park	0	0	0	0	70,000	0	0
Bancroft & Priory Splash Pads	0	0	0	0	0	35,000	0
Bancroft Lighting	0	0	0	0	45,000	0	0
Bancroft Recreation Ground, Hitchin, Multi Use Games Area (MUGA)	164,200	0	0	0	0	0	0
Decommissioning of Play Areas	103,800	0	0	0	0	0	0
Football Goal Replacement Program	0	0	0	15,000	0	0	0
Hitchin & Letchworth Outdoor Pool Automatic Chemical Dosing Pumps	20,000	0	0	0	0	0	0
Hitchin Outdoor Pool Showers and Toilets	9,200	0	0	0	0	0	0
Howard Gardens Splashpad	0	0	0	33,000	0	0	0
HSC Boiler Replacement	0	0	0	0	0	200,000	0
HSC Future Refurbishment	0	0	0	0	0	0	905,000
HSC Indoor Pool Cover Replacement	0	0	20,000	0	0	0	0
HSC Outdoor Pool Boiler Replacement	0	40,000	0	0	40,000	0	0
HSC Reception Toilet Refurbishment	0	0	0	30,000	0	0	0
Ickneild Way Cemetery Footpaths	0	0	50,000	0	0	0	0
Ivel Springs Footpaths	0	0	0	10,000	0	0	0
Leisure Condition Survey Enhancements	0	23,000	0	39,000	140,000	0	0
Leisure Condition Survey Enhancements	0	64,000	0	0	0	0	
Letchworth Outdoor Pool safety surface	10,000	0	0	0	0	0	0
Newmarket Road Royston Skatepark & Access	0	0	0	0	60,000	0	0
NHLC Boiler Replacement	0	0	200,000	0	0	0	0

Priority	2019/20 Estimate £	2020/21 Estimate £	2021/22 Estimate £	2022/23 Estimate £	2023/24 Estimate £	2024/25 Estimate £	2025/26 - 29/30 Estimate £
NHLC Dryside Changing Area	0	0	0	100,000	0	0	0
NHLC Interactive Water Feature	0	0	0	0	0	0	120,000
NHLC Outdoor Pool Boiler Replacement	0	40,000	0	0	40,000	0	0
NHLC Pool Flume Replacement	0	0	0	0	0	0	150,000
NHLC Reception Toilet Refurbishment	0	0	0	30,000	0	0	0
NHLC Refurbish Gym Floor	0	0	50,000	0	0	0	0
NHLC Refurbishment of Gym Members Changing Rooms	0	200,000	0	0	0	0	0
NHLC Replace Circulation Pipework	0	50,000	0	0	0	0	0
NHLC Sauna Steam Refurbishment	0	0	0	0	250,000	0	0
Norton Common Footpaths	0	0	0	0	10,000	0	0
Norton Common Wheeled Sports improvements	37,100	0	0	0	0	0	0
Oughtonhead Common Footpaths	0	0	0	0	20,000	0	0
Play Ground Renovation District Wide	0	0	180,000	180,000	180,000	180,000	900,000
Ransoms Rec Footpaths, Gates and Railing	0	0	0	10,000	20,000	0	0
Renovate play area Howard Park, Letchworth	0	75,000	0	0	0	0	0
Renovate play area King George V Recreation Ground, Hitchin	75,000	0	0	0	0	0	0
Renovate play area, District Park, Gt. Ashby	75,000	0	0	0	0	0	0
Replace items of play equipment Holroyd Cres, Baldock	0	10,000	0	0	0	0	0
Replace items of play equipment Wilbury Recreation Ground, Letchworth	0	10,000	0	0	0	0	0
Replace items of play equipment, Chiltern Road, Baldock	10,000	0	0	0	0	0	0
RLC Changing Village Refurbishment	0	0	0	225,000	0	0	0
RLC Dry Side Toilet Refurbishment	0	0	0	30,000	0	0	0
RLC Future Refurbishment	0	0	0	0	0	0	380,000
RLC Members Change Refurbishment	0	0	0	0	0	150,000	0
Royston Leisure Centre extension	0	0	0	1,000,000	0	0	0
St Johns Cemetery Footpath	0	10,000	0	0	0	30,000	0
Walsworth Common Pavilion - contribution to scheme	0	0	300,000	0	0	0	0
Walsworth Common Pitch Improvements	92,500	0	0	0	0	0	0
Weston Hills LNR Footpath Renovation	0	0	0	20,000	0	0	0
Wilbury Hills Cemetery Footpaths	0	10,000	10,000	0	10,000	10,000	30,000
Leisure Facilities Total	596,800	532,000	810,000	1,722,000	885,000	605,000	2,485,000
Museum & Arts							
Hitchin Town Hall Acoustic Panelling	30,000	0	0	0	0	0	0
Hitchin Town Hall Additional Bar & Glasswre Infrastructure	0	25,000	0	0	0	0	0
Hitchin Town Hall Additional Bar Facility	15,000	0	0	0	0	0	0
Hitchin Town Hall Sprung Floor Replacement	75,000	0	0	0	0	0	0
NH Museum & Community Facility	69,800	0	0	0	0	0	0
Museum Storage Solution	0	1,000,000	200,000	0	0	0	0
NH Museum Platform Lift Solutions	0	40,000	0	0	0	0	0
Museum & Arts Total	189,800	1,065,000	200,000	0	0	0	0
Parking							
Installation of trial on-street charging (GAF)	50,000	0	0	0	0	0	0
Lairage Multi-Storey Car Par - Structural wall repairs	10,000	110,700	0	0	0	0	0
Letchworth Multi_storey Car Park - parapet walls, soffit & decoration	0	133,800	0	0	0	0	0
Letchworth multi-storey car park - lighting	19,700	0	0	0	0	0	0
Off Street Car Parks resurfacing and enhancement	30,000	0	0	47,100	0	0	0
Parking Charging, Payment & Management	0	235,000	0	0	0	0	0
Refurbishment of lifts at Lairage Car Park	0	360,000	0	0	0	0	0
Replace and enhance lighting at St Mary's Car Park	0	60,000	0	0	0	0	0
Town Centre pay & display machines for on-street charging	235,000	0	0	0	0	0	0
Parking Total	344,700	899,500	0	47,100	0	0	0
Renovation & Reinstatement Grant Expenditure							
Private Sector Grants	60,000	60,000	60,000	60,000	60,000	60,000	300,000
Renovation & Reinstatement Grant Expenditure Total	60,000	60,000	60,000	60,000	60,000	60,000	300,000
Waste collection							
Northern Transfer Station	0	0	0	0	0	1,600,000	0
Waste and Street Cleansing Vehicles	0	0	0	0	0	0	4,000,000
Waste collection Total	0	0	0	0	0	1,600,000	4,000,000
Grand Total	5,886,100	9,357,100	5,405,000	6,334,100	5,099,000	6,686,000	8,531,000

CAPITAL INVESTMENT PROPOSALS

Ref No	Service	Responsible Service Director	Description of Proposal	Total Project Investment 2020/21 onwards	Total Anticipated Funding from Grants or Other Contributions	Proposed Investment in 2020/21	Proposed Investment in 2021/22	Proposed Investment in 2022/23	Proposed Investment in 2023/24	Proposed Investment in 2024/25	Proposed Investment 2025 - 2030	Revenue Implication	Anticipated Impact of Proposal (on Public/ Customers/ Staff/ Members/ Reputation/Revenue Budget etc.)
				£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Asset Management and Investment													
ECP3	Property Services	Service Director - Resources	Council property improvements following condition surveys	688	-	433	255	0	0	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). To help ensure that this project is delivered in the timeframe estimated within the Capital Programme, the investment was allotted over three years with an annual capital allocation of £255k from 2019/20.
NCP4	Property Services	Service Director - Resources	Replacement of boiler & windows at Mrs Howard Memorial Hall, Letchworth Garden City	63	-	63	0	0	0	0	0	-5	A new boiler/heating system and new windows are required. The current heating system and windows are past the end of their useful life and yield poor energy efficiency. The heating system in particular is unreliable, requires frequent ongoing maintenance and replacement parts are increasingly difficult to source. The investment will also smooth negotiations with the tenant over a full repairing lease and the generation of annual rental income.
NCP48	Property Services	Service Director - Resources	Acquisition and Development of Property	20,000	-	4,000	4,000	4,000	4,000	4,000	0	tbc	Property investments in line with the Acquisition and Development Strategy
Sub-Total: Asset Management and Investment				20,751	-	4,496	4,255	4,000	4,000	4,000	-	-	5
Grants to Third Parties													
ECP1	Housing Services	Service Director - Regulatory	Private Sector Grants	600	-	60	60	60	60	60	300	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. HRAG funding is also used to support the Warm Homes Fund project where homes without central heating are provided with gas central heating. 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 2015/16 and future years. UPDATE CBP 20/21: Proposed to extend annual investment across the period of the ten year investment strategy (earmarked until 2023/24 in existing programme)

CAPITAL INVESTMENT PROPOSALS

Ref No	Service	Responsible Service Director	Description of Proposal	Total Project Investment 2020/21 onwards	Total Anticipated Funding from Grants or Other Contributions	Proposed Investment in 2020/21	Proposed Investment in 2021/22	Proposed Investment in 2022/23	Proposed Investment in 2023/24	Proposed Investment in 2024/25	Proposed Investment 2025 - 2030	Revenue Implication	Anticipated Impact of Proposal (on Public/ Customers/ Staff/ Members/ Reputation/Revenue Budget etc.)
				£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
ECP7	Housing Services	Service Director - Regulatory	John Barker Place, Hitchin	1,096	270	1,096	0	0	0	0	0	0	Cabinet agreed to the commitment to the John Barker Place regeneration scheme in January 2013, subject to the availability of funds.
ECP4	Estates	Service Director - Commercialisation	Refurbishment and improvement of community facilities	420	-	420	0	0	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 with a total capital allocation over the period of £1.206m
Sub-Total: Grants to Third Parties				2,116	270	1,576	60	60	60	60	300	-	
Externally financed projects													
ECP28	Planning Services	Service Director - Regulatory	S106 Projects	129	129	129	0	0	0	0	0	0	Capital allocation is for the provision of an all weather hockey pitch in Royston. Originally intended to be located on the Heath, but as this is a public open space permission will not be granted to create an enclosed area on the Heath. Officers are looking to see if the S106 funds can be used at an alternative location in Royston.
ECP31	Planning Services	Service Director - Regulatory	Green Infrastructure implementation (GAF)	185	185	185	0	0	0	0	0	0	It is recommended that decisions on capital projects eligible for GAF funding are postponed until adoption of the Local Plan and any further strategies that may be recommended by the Inspector.
Sub-Total: Externally financed projects				314	314	314	-	-	-	-	-	-	

CAPITAL INVESTMENT PROPOSALS

Ref No	Service	Responsible Service Director	Description of Proposal	Total Project Investment 2020/21 onwards	Total Anticipated Funding from Grants or Other Contributions	Proposed Investment in 2020/21	Proposed Investment in 2021/22	Proposed Investment in 2022/23	Proposed Investment in 2023/24	Proposed Investment in 2024/25	Proposed Investment 2025 - 2030	Revenue Implication	Anticipated Impact of Proposal (on Public/ Customers/ Staff/ Members/ Reputation/Revenue Budget etc.)
				£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Parking Related Proposals													
ECP8	Property Services	Service Director - Resources	Letchworth Multi_storey Car Park - parapet walls, soffit & decoration	134	-	134	0	0	0	0	0	0	Works to preserve this income generating asset in usable condition. The soffits are the internal ceiling coverings i.e. underside to the decks. Works requirement originally identified during earlier surfacing works due to some ceiling materials falling off.
ECP29	Property Services	Service Director - Resources	Lairage Multi-Storey Car Par - Structural wall repairs	111	-	111	0	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.
ECP32	Property Services	Service Director - Resources	Refurbishment of lifts at Lairage Car Park	360	-	360	0	0	0	0	0	0	Estimated cost of the refurbishment of the four lifts. The work will be required to ensure that the lifts operate safely and reliably.
ECP33	Property Services	Service Director - Resources	Replace and enhance lighting at St Mary's Car Park	60	-	60	0	0	0	0	0	0	The existing lighting columns within the car park have suffered from ongoing electrical supply problems and structural decay. A temporary solution has been provided to provide lighting, however the existing columns need replacing. The lighting in the remainder of the car park is not to current recommended levels. This scheme will address all of these issues with new, energy efficient, lighting columns.
ECP38	Property Services	Service Director - Resources	Off Street Car Parks resurfacing and enhancement	47	-	0	0	47	0	0	0	0	Condition surveys have identified the need for a proactive programme of resurfacing for the council's off street car parking. Resurfacing, re-lining and enhancing the lighting enables the car parks to be used safely, reducing insurance claims for trips and falls, and allows the continued enforcement of the relevant traffic regulation orders. A. Planned maintenance programme should enable reduction in reactive repairs. B. No programme of repairs will require additional revenue maintenance funds for responsive repairs, and loss of income as Traffic regulation orders will become unenforceable.
NCP46	Parking	Service Director - Regulatory	Parking Charging, Payment and Management	235	-	235	0	0	0	0	0	0	Revision in scope of existing capital allocation for the the implementation of town centre pay & display machines for on-street parking. With the advance of technology it is considered that the use of physical machines and tickets is outdated. As such, this proposal seeks to utilise the capital allocation to still focus on charging, payment and management of parking but through more customer orientated systems. This proposal will encompass (where appropriate) a move to virtual payment and permits/tickets, pay-on-exit for car parks as identified within the Council's Parking Strategy.
Sub-Total: Parking				947	-	900	-	47	-	-	-	-	
Waste Collection													
NCP49	Waste Services	Service Director - Place	Northern transfer station (Waste and Recycling)	1,600	-	0	0	0	0	1600	0	0	Herts County Council are planning to build a waste and recycling transfer station which could accommodate both North and East Herts Councils residual, food and garden waste. This would enable surety on a long term disposal route for the materials. The anticipated build cost for this element of the site is circa 1.6m. The agreement for the site and confirmation on whether this is going ahead however is tbc.
NCP50	Waste Services	Service Director - Place	Vehicle fleet replacement program (Waste and Recycling)	4,000	3,200	0	0	0	0	0	4000	0	It is anticipated that the cost of replacing the current fleet of vehicles will have increased due to inflation by the time of required purchase in 2025/26. The vehicles currently in operation are held on the Council's balance sheet under a finance lease arrangement embedded within the waste contract, with the associated charge for their use met from the Council's cash reserves rather than the General Fund. As such the annual saving to the General Fund is transferred to an earmarked reserve with the intention that this will be used to help finance the cost of the new vehicles.

CAPITAL INVESTMENT PROPOSALS

Ref No	Service	Responsible Service Director	Description of Proposal	Total Project Investment 2020/21 onwards	Total Anticipated Funding from Grants or Other Contributions	Proposed Investment in 2020/21	Proposed Investment in 2021/22	Proposed Investment in 2022/23	Proposed Investment in 2023/24	Proposed Investment in 2024/25	Proposed Investment 2025 - 2030	Revenue Implication	Anticipated Impact of Proposal (on Public/ Customers/ Staff/ Members/ Reputation/Revenue Budget etc.)
				£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Sub-Total: Waste Collection				5,600	3,200	-	-	-	-	1,600	4,000	-	
Leisure Related Proposals													
ECP6	Leisure Facilities	Service Director - Place	Leisure Condition Survey Enhancements	266	-	87	0	39	140	0	0	0	A physical condition survey was carried out at all four leisure facilities in 2018. The survey identified all works that were needed and/ or would become necessary over the following five year period. Planned spend of £64k in 2019/20 means a total investment of £266k.
ECP18	Leisure Facilities	Service Director - Place	Royston Leisure Centre extension	1,000	170	0	0	1,000	0	0	0	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 CBP 20/21: Proposed to bring investment forward by one year from 2023/24 to 2022/23.
Sub-Total: Leisure				1,266	170	87	-	1,039	140	-	-	-	
New Leisure Proposals - Hitchin Swim Centre													
NCP13	Leisure Facilities	Service Director - Place	HSC: Reception toilet refurbishment	30	-	0	0	30	0	0	0	0	To ensure customer satisfaction is maintained a project to fully refurbish the male, female and disabled toilets in the reception area is proposed.
NCP17	Leisure Facilities	Service Director - Place	HSC: Outdoor Pool Boiler Replacement	80	-	40	0	0	40	0	0	0	Hitchin outdoor pool is currently operating with one boiler due to an irreparable fault with the second boiler. A replacement of the redundant boilers is proposed to ensure the facility remains operational.
NCP19	Leisure Facilities	Service Director - Place	HSC: Boiler Replacement	200	-	0	0	0	0	200	0	0	Boilers are 15+ years old and are at the end of their economic lifespan. While repair works are carried out on a regular basis there is a risk that, if they are not replaced, they may fail which could result in pool closure.
NCP20	Leisure Facilities	Service Director - Place	HSC: Indoor Pool Cover Replacement	20	-	0	20	0	0	0	0	0	The indoor Pool cover and electric roller is over 20 years old and require replacement to ensure they remain efficient at reducing energy consumption and costs.

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				£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
NCP23	Leisure Facilities	Service Director - Place	HSC: Future Refurbishment	905	-	0	0	0	0	0	905	0	Future investment proposed beyond 2024/25 includes refurbishment of; 2025/26: Archers Member Change and Relaxation Area (£300k) 2026/27: Change village (£225k) and Fitness facility (£50k) with purchase of new gym equipment (£300k) and a new outdoor pool cover (£30k)
Sub-Total: Leisure - Hitchin Swim Centre				1,235	-	40	20	30	40	200	905	-	
New Leisure Proposals - Letchworth													
NCP8	Leisure Facilities	Service Director - Place	NHLC: Circulation Pipework Replacement	50	-	50	0	0	0	0	0	0	The existing circulation pipework is brittle and fragile which has resulted in several failures in the past. A full replacement is proposed which includes pipework, inlets, seals and support brackets.
NCP9	Leisure Facilities	Service Director - Place	NHLC: Refurbishment of Gym Floor	50	-	0	50	0	0	0	0	0	The gym floor was laid in 2006, after 13 years the floor has now come to the stage where it can no longer be repaired and requires replacing. To ensure customer satisfaction is maintained a full replacement of the flooring in the main gym and weights area is proposed.
NCP10	Leisure Facilities	Service Director - Place	NHLC: Boiler Replacement	200	-	0	200	0	0	0	0	0	The two boilers are 15+ years old and are at the end of their economic lifespan. Repair works are carried out on a regular basis, however there is a high risk if they are not replaced they may fail which could result in a closure.
NCP14	Leisure Facilities	Service Director - Place	NHLC: Reception toilet refurbishment	30	-	0	0	30	0	0	0	0	To ensure customer satisfaction is maintained a project to fully refurbish the male, female and disabled toilets in the reception area is proposed.
NCP51	Leisure Facilities	Service Director - Place	NHLC: Dryside Changing Area	100	-	0	0	100	0	0	0	0	To ensure customer satisfaction is maintained a project to fully refurbish the male, female and disabled dry side changing areas is proposed.
NCP16	Leisure Facilities	Service Director - Place	NHLC: Refurbishment of Gym Members Changing Rooms	200	-	200	0	0	0	0	0	0	The gym members changing rooms were last refurbished in 2006. Due to the high use of these areas their condition has deteriorated and no longer meets customer expectations. To ensure customer satisfaction is maintained a project to fully refurbish the male, female and disabled changing areas is proposed.

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				£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
NCP11	Leisure Facilities	Service Director - Place	NHLC: Sauna Steam Refurbishment	250	-	0	0	0	250	0	0	0	The steam and sauna area was last refurbished in 2006. To ensure customer satisfaction is maintained a proposal to fully refurbish the area is proposed.
NCP24	Leisure Facilities	Service Director - Place	NHLC: Interactive Water Feature	120	-	0	0	0	0	0	120	0	Investment proposal earmarked for 2027/28. To ensure continued improvements and customer satisfaction within our leisure facilities a project to transform the small pool into a highly interactive water play area for children of all age and ability groups is proposed. The proposed features for this area allow children to explore and discover their watery environment, and teaches them how to manipulate the flow of water through channels and interactive jets.
NCP25	Leisure Facilities	Service Director - Place	NHLC: Pool Flume Replacement	150	-	0	0	0	0	0	150	0	Investment proposal earmarked for 2028/29. The pool flume was installed in 1992 and due to its age a proposal to replace the flume with a newer model is proposed. This will ensure continued customer satisfaction for users of the leisure pool.
NCP18	Leisure Facilities	Service Director - Place	Letchworth Outdoor Pool Boiler Replacement	80	-	40	0	0	40	0	0	0	Letchworth outdoor pool is currently operating with one boiler due to an irreparable fault with the second boiler. A replacement of the redundant boilers is proposed to ensure the facility remains operational.
Sub-Total: Leisure - Letchworth				1,230	-	290	250	130	290	-	270	-	
New Leisure Proposals - Royston Leisure Centre													
NCP12	Leisure Facilities	Service Director - Place	RLC: Dry side Toilet Refurbishment	30	-	0	0	30	0	0	0	0	To ensure customer satisfaction is maintained a project to fully refurbish the male, female and disabled dry side toilet areas is proposed.
NCP15	Leisure Facilities	Service Director - Place	RLC: Change Village Refurbishment	225	-	0	0	225	0	0	0	0	The change village is over 17 years old and has not been refurbished since opening in 2005. A full refurbishment of the change village is proposed to ensure customer satisfaction is maintained.
NCP21	Leisure Facilities	Service Director - Place	RLC: Members Change Refurbishment	150	-	0	0	0	0	150	0	0	The members changing room is over 17 years old and has not refurbished since opening in 2005. To ensure customer satisfaction is maintained a proposal to fully refurbish the male, female and disabled areas is proposed.

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				£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
NCP22	Leisure Facilities	Service Director - Place	RLC: Future Refurbishment	380	-	0	0	0	0	0	380	0	Future investments proposed for beyond 2024/25 include; 2025/26: Replacement of pool windows (£80k) 2026/27: Refurbishment of Fitness facility (£50k) with purchase of new gym equipment (£150k) 2027/28: Replacement of boiler (£100k)
Sub-Total: Leisure - Royston Leisure Centre				785	-	-	-	255	-	150	380	-	
Green Space Developments													
NCP29	Parks & Countryside Development	Service Director - Place	Football Goal Replacement Program	15	-	0	0	15	0	0	0	0	The existing football goals do not meet current FA standards and are in some cases dangerous due to corrosion or misuse. While the posts are repainted annually this only delays their deterioration. Normally posts are replaced at the beginning of the season on a need only basis based upon their condition - not if they meet FA standards.
NCP37	Parks & Countryside Development	Service Director - Place	Play Ground Renovation - District Wide	1,620	-	0	180	180	180	180	900	0	Moving forward from the existing policy to renovate a single play area annually to undertake a program of undertaking two locations each year. This technically would ensure that each play area is renovated on an 18 year cycle which still far exceeds manufacturer lifespan guidelines.
Sub-Total: Green Space Developments				1,635	-	-	180	195	180	180	900	-	
Green Space Developments - Baldock													
ECP10	Parks & Countryside Development	Service Director - Place	Replace items of play equipment Holroyd Cres, Baldock	10	-	10	0	0	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.
NCP26	Parks & Countryside Development	Service Director - Place	Avenue Park Splash Pad	70	-	0	0	0	70	0	0	0	To replace the existing mains fed system with a recirculating system as found at our other splashpads. This will reduce water usage and help maintain good levels of water quality. Additionally this will help reduce the problems of algae on the surfacing which has caused significant injuries due to slipping in the past.
NCP33	Parks & Countryside Development	Service Director - Place	Ivel Springs Footpaths	10	-	0	0	10	0	0	0	0	To renovate the footpath around the common on a rotating program of works as per the Greenspace action plan for the site.
NCP41	Parks & Countryside Development	Service Director - Place	Weston Hills LNR Footpath Renovation	20	-	0	0	20	0	0	0	0	Many of the footpaths around the site are of an informal nature and are not currently compliant with disability access requirements. In order to minimise erosion of the existing footpath network the surfacing needs updating and renovating.
Sub-Total: Green Space Developments - Baldock				110	-	10	-	30	70	-	-	-	

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				£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Green Space Developments - Hitchin													
ECP13	Parks & Countryside Development	Service Director - Place	Walsworth Common Pavilion - contribution to scheme	300	287	0	300	0	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. UPDATE CBP 2020/21: Proposed to reprofile investment from 2020/21 to 2021/22.
NCP27	Parks & Countryside Development	Service Director - Place	Bancroft and Priory Splash Pads	35	-	0	0	0	0	35	0	0	These two systems were introduced 4 years ago and use the same systems to maintain water quality. Over time the systems wear and require replacement of the filter media and uv systems to ensure that they remain effective.
NCP28	Parks & Countryside Development	Service Director - Place	Bancroft Lighting	45	-	0	0	0	45	0	0	0	To remove the existing out of date and potentially dangerous lighting around the gardens and replace with new items. This would significantly improve personal safety of the public.
NCP36	Parks & Countryside Development	Service Director - Place	Oughtonhead Common Footpaths	20	-	0	0	0	20	0	0	0	To renovate the footpath around the common on a rotating program of works as per the Greenspace action plan for the site.
NCP39	Parks & Countryside Development	Service Director - Place	Ransoms Rec Footpaths gates and railings	30	-	0	0	10	20	0	0	0	Many of the footpaths are degrading and becoming uneven and would be greatly enhanced if the footpaths were brought up to a uniform standard throughout the site. The formal gates and railings off Nightingale Road are in need of investment to ensure they remain safe, fit for purpose and of an appropriate standard for the location.
NCP40	Parks & Countryside Development	Service Director - Place	St Johns Cemetery Footpaths	40	-	10	0	0	0	30	0	0	Previous investment options were removed from the Greenspace Strategy and the identified works have not been delivered. Planning for the renewal of the Greenspace Management Strategy in 2021.Many of the footpaths are degrading and becoming uneven. As many of the visitors to the cemetery are elderly this poses a significant risk. Additionally the aesthetic appearance of the cemetery would be greatly enhanced if the footpaths were brought up to a uniform standard throughout the site. Due to other priorities and limited staffing resources this is planned for 2024/25. In the meantime urgent repairs will be completed on an adhoc urgency basis.
Sub-Total: Green Space Developments - Hitchin				470	287	10	300	10	85	65	-	-	
Green Space Developments - Letchworth													
ECP9	Parks & Countryside Development	Service Director - Place	Renovate play area Howard Park, Letchworth	75	-	75	0	0	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.
ECP37	Parks & Countryside Development	Service Director - Place	Replace items of play equipment Wilbury Recreation Ground, Letchworth	10	-	10	0	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.

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				£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
NCP31	Parks & Countryside Development	Service Director - Place	Howard Gardens Splashpad	33	-	0	0	33	0	0	0	0	The facilities at Howard Gardens are now over 10 years old since the site was renovated with support of a HLF Grant. The equipment in the plant room is now well worn and is in need of renewal.
NCP32	Parks & Countryside Development	Service Director - Place	Ickneild Way Cemetery Footpaths	50	-	0	50	0	0	0	0	0	Previous investment options were removed from the Greenspace Strategy and the identified works have not been delivered. Many of the footpaths are degrading and becoming uneven. As many of the visitors to the cemetery are elderly this poses a significant risk. Additionally the aesthetic appearance of the cemetery would be greatly enhanced if the footpaths were brought up to a uniform standard throughout the site.
NCP42	Parks & Countryside Development	Service Director - Place	Wilbury Hills Cemetery Footpaths	70	-	10	10	0	10	10	30	0	Due to high volumes of visitors the existing footpath network through the site are wearing out this program will support an investment program over a period of time to maintain current standards.
NCP52	Parks & Countryside Development	Service Director - Place	Norton Common Footpaths	10	-	0	0	0	10	0	0	0	To renovate areas of footpath around the common on a rotating program of works as per the Greenspace action plan for the site.
Sub-Total: Green Space Developments - Letchworth				248	-	95	60	33	20	10	30	-	
Green Space Developments - Royston													
NCP35	Parks & Countryside Development	Service Director - Place	Newmarket Road Royston Skatepark and Access	60	-	0	0	0	60	0	0	0	Following the success of the new facility at Norton Common the existing item at Newmarket Road is in need of renovation and updating at the same time now the site is becoming more popular access into the site requires improvement and formalising.
Sub-Total: Green Space Developments - Royston				60	-	-	-	-	60	-	-	-	
Museum and Arts Development													
NCP43	Hitchin Town Hall	Service Director - Commercialisation	Hitchin Town Hall Additional Bar and Glassware Infrastructure	25	-	25	0	0	0	0	0	0	Replacement of original bar (new second bar installed this year). This would allow the keg couplers and other such items to be universal at the bars. Also proposed to install glass washers, an ice machine, a stock of glassware, and the racking to store these within the store room. This would reduce waste and recycling, while also allowing the waiver of current glass hire costs from quotes, which may help attract more bookings.
NCP44	Museum	Service Director - Commercialisation	North Herts Museum Platform Lift Solutions	40	-	40	0	0	0	0	0	0	The full opening of North Herts Museum in July 2019 has since highlighted that the two platform lifts within North Herts Museum are extremely temperamental and frequently break down. Due to the lifts being handed over in 2015, there is no way of holding the installation company accountable. It is therefore proposed to either replace the lifts or redesign both the main entrance and the access through the Mountford Hall so that the facility is fully accessible. The amount quoted for these works is a best estimate.

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				£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
NCP45	Museum	Service Director - Commercialisation	Museum Storage Solution	1,200	-	1000	200	0	0	0	0	0	The Museum Store in Burymead is no longer fit for purpose. Objects from the collection are being held in make shift storage units, garages and dilapidated structures which are increasingly posing a health and safety risk to our staff. This project will involve relocating parts of the museum collection whilst the previously mentioned storage units are levelled and a new purpose built storage unit is built on the site. The storage unit will comprise of space saving roller racking, climate controlled spaces for fragile items of the collection and a small amount of office space for museum staff to utilise when on site. This office space could also be used under supervision to assist with third party research such as students or historians. The amount requested is an initial estimate, extrapolated from previous external costing exercises on a smaller storage unit on the site. It is the opinion of officers however, that a larger site would future proof the museum storage facilities and more costing work will need to be undertaken to provide a more precise quotation for the development. The completion of this work would see the former Hitchin Museum and Letchworth Museum sites be completely cleared of museum storage.
Sub-Total: Museum and Arts Development				1,265	-	1,065	200	-	-	-	-	-	
IT Schemes:													
NCP1	IT	Service Director - Customers	Back-up Diesel 40 KVA Generator (DCO)	25	-	0	0	0	25	0	0	0	As part of Business Continuity and improving services, the authority purchased a Diesel Generator in 2015/16. The proposed investment in 2023/24 is for the renewal of this hardware.
NCP2	IT	Service Director - Customers	Additional Data Backup Storage	89	-	15	0	15	0	18	41	0	As the amount of data being stored is increasing annually, there is a need to ensure we keep adding additional storage to cope with the demands of the back-up storage.
NCP3	IT	Service Director - Customers	CCTV at DCO & Hitchin Town Hall	30	-	15	0	0	15	0	0	0	Replace the existing CCTV Controllers with newer, faster technology including more disc space to capture enhanced images. The cameras will remain.
NCP4	IT	Service Director - Customers	Data Switch Upgrade	74	-	0	0	15	0	18	41	0	The main data switch within the IT Server estate is a critical piece of hardware that connects the data packets moving between the Network Servers, Data Storage and the fibre infrastructure. It is critical to ensure that these are updated regularly.
NCP5	IT	Service Director - Customers	DR Hardware Refresh Inc UPS Battery Pk (Unit 3)	115	-	0	0	0	55	0	60	0	Hardware upgrade within the Disaster Recovery centre at Unit 3, as part of the hardware refresh programme. This includes the Servers, Switches and UPS at the DR Centre at Unit 3.
NCP6	IT	Service Director - Customers	Mobile Device Management software	36	-	18	0	0	0	18	0	0	Replace the current Mobile Device Management software, which enables the Council to lock down mobile devices and provides the ability to remotely wipe these, should they be lost or stolen. The replacement system will be a modern cloud solution meaning that any future upgrades can be done remotely without the need for the device to be brought into the Council Offices
NCP7	IT	Service Director - Customers	WiFi Upgrades for DCO and Hitchin Town Hall	35	-	35	0	0	0	0	0	0	To replace the current ageing equipment with newer and faster technology

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ECP2	IT	Service Director - Customers	PC's - Refresh Programme	199	-	17	17	17	17	23	108	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. UPDATE CBP 20/21: Annual allocations updated in line with latest ICT Strategy
ECP20	IT	Service Director - Customers	Additional PC's - Support Home Working/OAP	139	-	11	13	11	13	15	76	0	The authority has a large PC/Monitor estate which as part of the ICT Service Plan requires refreshing annually. UPDATE CBP 20/21: Annual allocations updated in line with new ICT Strategy
ECP5	IT	Service Director - Customers	Tablets - Android Devices	147	-	12	15	18	12	17	73	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. The tablets also facilitate paperless Committee Meetings. UPDATE CBP 20/21: Annual allocations updated in line with new ICT Strategy
ECP15	IT	Service Director - Customers	Security - Firewalls	80	-	14	0	14	0	16	36	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. UPDATE CBP 20/21: £14k earmarked for 21/22 is proposed to be brought forward to 20/21 with a new amount of £14k earmarked in 22/23. £18k requested in 2026/27 and 2028/29 in line with ICT Strategy.
ECP16	IT	Service Director - Customers	Cabinet Switches - 4 Floors	54	-	0	18	0	0	18	18	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. UPDATE CBP 20/21: Allocations requested in 2024/25 and 2027/28 in line with ICT Strategy.
ECP19	IT	Service Director - Customers	40 KVA UPS Device or Battery Replacement	53	-	0	11	0	12	0	30	0	The operation life of the batteries within the UPS Systems is 3 years and they need to be replaced periodically. The authority has got 3 40 KVA UPS Systems which have varying battery sizes installed. UPDATE CBP 2020/21: Additional £14k allocations proposed in 2021/22, 2023/24 and 2025/26, with £16k requested in 2028/29.
ECP22	IT	Service Director - Customers	Dell Servers	210	-	65	0	0	0	70	75	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 being unsupported. UPDATE CBP 2020/21: Allocation for replacement hardware in 2024/25 and 2028/29.
ECP23	IT	Service Director - Customers	New Blade Enclosure	124	-	32	0	0	0	40	52	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. UPDATE CBP 2020/21: Allocation for replacement hardware in 2024/25 and 2028/29.

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				£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
ECP24	IT	Service Director - Customers	Replacement SAN	345	-	110	0	0	0	115	120	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. UPDATE CBP 2020/21: Allocation for replacement hardware in 2024/25 and 2028/29.
ECP25	IT	Service Director - Customers	Core Backbone Switch	75	-	0	0	0	0	35	40	0	Dual processor switch, which links the virtual servers to the SAN. UPDATE CBP 2020/21: Allocation for hardware renewal in 2024/25 and 2028/29.
ECP26	IT	Service Director - Customers	Additional Storage	83	-	25	0	13	0	0	45	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. UPDATE CBP 2020/21: Allocation proposed in 2022/23, with £25k requested to be earmarked in 2025/26 and £20k in 2028/29
ECP14	IT	Service Director - Customers	Laptops - Refresh Programme	27	-	6	6	0	5	0	10	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. UPDATE CBP 2020/21: Additional allocations proposed in 2021/22 and 2023/24 with £5k allocations requested in 2025/26 and 2027/28.
ECP21	IT	Service Director - Customers	Alternative to safeword tokens for staff/members working remotely	79	-	16	0	12	0	18	33	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. UPDATE CBP 2020/21: Additional allocations proposed 2020/21, 2022/23, 2024/25 with £14k proposed in 26/27 and £19k in 2028/29
ECP17	IT	Service Director - Customers	Microsoft Enterprise Agreement	1,278	-	0	0	390	0	0	888	0	It is essential NHDC has the correct Microsoft Licences to ensure the Council does not fall foul of F.A.S.T (Fraud Against Software Threat) regulations. The current three year contract started from 1st April 2019. UPDATE CBP 2020/21: Earmarked capital allocation in 2022/23 reduced from £450k to £390k in line with ICT Strategy. Estimated £426k allocation required in 2025/26 and £462k allocation in 2028/29.
ECP11	IT	Service Director - Customers	Email / Web Gateway with SPAM Filtering Software Solution - Licence 3 Year Contract	39	-	39	0	0	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.
ECP12	IT	Service Director - Customers	Email Encryption Software Solution	45	-	45	0	0	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				3,381	-	475	80	505	154	421	1,746	-	
TOTAL				41,413	4,241	9,358	5,405	6,334	5,099	6,686	8,531	-5	

CAPITAL INVESTMENT PROPOSALS

Ref No	Service	Responsible Service Director	Description of Proposal	Total Project Investment 2020/21 onwards	Total Anticipated Funding from Grants or Other Contributions	Proposed Investment in 2020/21	Proposed Investment in 2021/22	Proposed Investment in 2022/23	Proposed Investment in 2023/24	Proposed Investment in 2024/25	Proposed Investment 2025 - 2030	Revenue Implication	Anticipated Impact of Proposal (on Public/ Customers/ Staff/ Members/ Reputation/Revenue Budget etc.)
				£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
TOTAL CONSISTS OF:													
PROPOSALS ALREADY IN THE CAPITAL PROGRAMME:				8,468	1,041	3,562	695	1,621	259	427	1,904	0	
NEW PROPOSALS IN THE 2020/21 PROCESS				32,945	3,200	5,796	4,710	4,713	4,840	6,259	6,627	-5	

These totals exclude those capital projects planned to complete in 2019/20.

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**CABINET
28 JANUARY 2020**

PART 1 – PUBLIC DOCUMENT

TITLE OF REPORT: LAND ADJACENT TO 1 NORTH END, KELSHALL, HERTS

REPORT OF THE INTERIM PROPERTY CONSULTANT

EXECUTIVE MEMBER: COUNCILLOR KEITH HOSKINS

COUNCIL PRIORITY: ATTRACTIVE AND THRIVING

1. EXECUTIVE SUMMARY

- 1.1 To seek Cabinet's approval for the declaration as surplus to the District Council's requirements approximately 0.13 acre of land adjacent to 1 North End, Kelshall, as shown edged red on the plan at Appendix A.

2. Recommendations

- 2.1 That the land be declared surplus to the District Council's requirements and then placed on the open market for sale on a subject to planning basis or with the benefit of planning, subject to a successful planning application by the District Council for residential development.
- 2.2 Following receipt of offers for the land identified in Appendix A, the decision to accept an offer is delegated to the Service Director for Resources, in consultation with the Executive Member for Finance and IT. Offers will be evaluated against alternative development options.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To provide a financial receipt to help fund the District Council's capital programme.
- 3.2 Marketing the land on the open market will maximise interest from developers and self builders and satisfy the requirements to obtain the best price reasonably obtainable. An offer should only be accepted at a price reflecting residential development value.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Continue with the letting of the land on a garden licence to the owner of 1 North End, Kelshall for a nominal annual rent.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 Consultation on the principle to dispose of the land has been made with Cllr Gerald Morris for Ermine Ward. [No comment to date]
- 5.2 Details of the proposal were provided to the Kelshall Parish Council Clerk [Comments awaited]
- 5.3 The tenant of the land has been advised of this report to Cabinet and the District Council's intention to consider the disposal of the land for residential development. They have expressed an interest in purchasing on the understanding that this would only be at residential development value.

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 19th December 2019.

7. BACKGROUND

- 7.1 The site is of 0.13acre and located on the edge of Kelshall village adjacent to 1 North End adjoining open countryside.
- 7.2 The land represents the opportunity to provide a development plot for a single detached house with access from the road frontage
- 7.3 It is currently used as garden land for 1 North End under a garden licence from the District Council at a nominal annual rent, terminable upon 6months notice.
- 7.4 Disposal of this property has previously been considered by Cabinet:

Cabinet Meeting - 22nd November 2016 – Minutes Item 89 – Land and Property Review

The land adjacent to 1 North End, Kelshall was listed within Table 5 of the Land and Property Report presented to the Cabinet.

RESOLVED:

- (1) That the details of the land and property disposals from 2011-2016 be noted;
- (2) That it be noted that options for the sites previously approved for disposal, as listed in Table 4 of the report, are still being progressed, and that account should be taken of the emerging North Hertfordshire Local Plan; and
- (3) That the sites identified in Table 5 of the report be declared as surplus to the Council's requirements; that disposal options for these sites be investigated in more detail; and that Cabinet be advised about them as appropriate.

The Cabinet has not considered the disposal of this property since November 2016.

- 7.5 The property is not allocated for residential development within the emerging Local Plan, however under Policy SP2 Kelshall is listed as a Category B village for which the following extract applies:

4.14 Category B villages are those with a lower level of facilities such as village halls and public houses. Category B villages will be allowed to accommodate limited infill development that does not expand the built core of the village into the surrounding countryside.

- 7.6 It is considered that a planning application to develop this site could be considered compliant with emerging Planning Policy, subject to appropriate design and relation with the adjacent property. The current use of the land within a residential curtilage presents the argument that development of the site would not result in an expansion of the village into the countryside.

8. RELEVANT CONSIDERATIONS

- 8.1 The sale of this site for residential development will make a contribution to housing supply by bringing forward a windfall site and offer valuable new family housing in the village.

9. LEGAL IMPLICATIONS

- 9.1 Cabinet in exercising its functions have powers to dispose of land or buildings where the consideration is between £250,000 and £2,500,000. The Cabinet decision in November 2016 was that Cabinet be advised about disposal options for this site. Therefore although the proposed disposal may possibly fall within the delegated authority of the Service Director: Resources, because the disposal might be below £250,000 (Constitution paragraph 14.6.12 (b) 1 A) the matter has been brought back to Cabinet for consideration. Officers may refer their authority under delegated powers to Cabinet.
- 9.2 There may be specific legal implications relevant to the sale of the property e.g. covenants on title, easements, third party rights. However preliminary title investigations do not reveal any issues that would frustrate the proposed development.
- 9.3 The Contract Procurement Rules and specifically Appendix I apply to the sales of land or property. If Cabinet were to sell this land the Officers seeking to market and dispose of the land would be required to do so within the remit of the Contract Procurement Rules.
- 9.4 Section 123 Local Government Act 1972 allows a Council to dispose of land in any manner it wishes provided that the consideration is the best that can be reasonably obtained unless the Secretary of State consent to the disposal for less than best value.
- 9.5 The Council has not advertised the proposed sale in accordance with sections 123(2A) and 127(3) of the Local Government Act 1972 and section 233(4) of the Town and Country Planning Act 1990 as the property is not considered open land being enclosed and privately occupied as garden land. This land does not fall within the definition of open space.

9.6 There may be specific legal implications relevant to the sale of the property e.g. covenants on title, easements, third party rights. Preliminary title investigations do not reveal any issues.

9.7 The Council would need to ensure that they serve a relevant and compliant notice on the tenant to end any tenancy held over the land.

10. FINANCIAL IMPLICATIONS

10.1 The sale will generate a capital receipt to assist in funding the Council's capital investment programme.

11. RISK IMPLICATIONS

11.1 The sale of assets reduces the risk to the District Council arising from the duties under the Occupiers Liability Act 1957 and 1984.

11.2 There are no risks relevant to the consideration of this decision. The declaration of the land as surplus to the District Council's requirements will allow the property to be openly marketed and sold at best value. Risks may exist as to the sale price achieved due to planning policy and design requirements to provide a sympathetic and acceptable development.

12. EQUALITIES IMPLICATIONS

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

12.2 Any land that is offering potential for new housing may benefit the wider community as noted at 8.1. There may be those who exhibit a protected characteristic within this wider community. The consideration of sympathetic development and adequate parking facilities may ensure that no adverse impacts are experienced by the existing community.

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.

14. HUMAN RESOURCE IMPLICATIONS

14.1 There are no Human resource implications from this report.

15. APPENDICES

15.1 Appendix A -- Location Plan of Land to be Declared Surplus

16. CONTACT OFFICERS

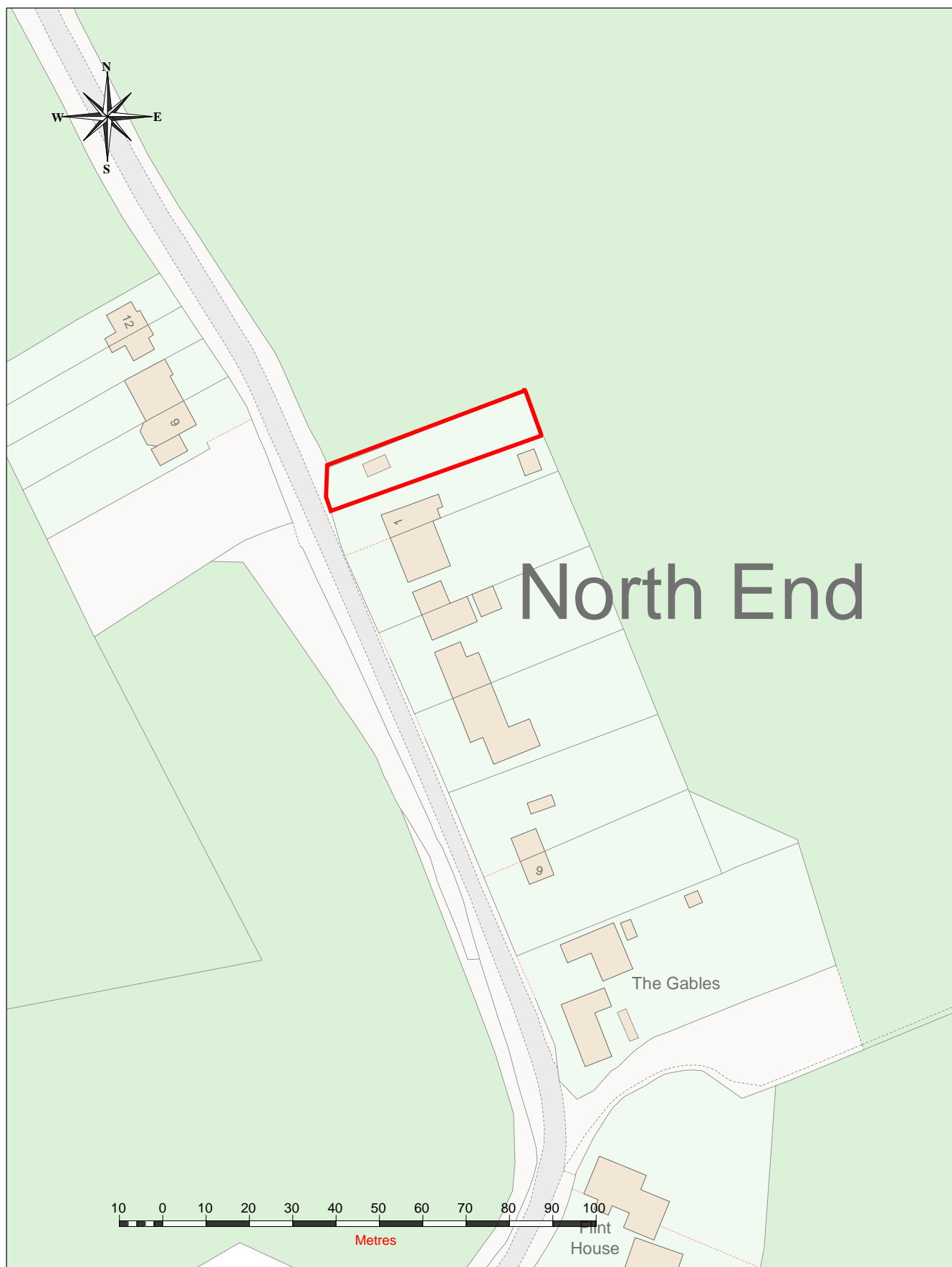
- 16.1 Chris Robson, Senior Estates Surveyor, christopher.robson@north-herts.gov.uk
Ext: 4752
- 16.2 Peter Lapham, Interim Property Consultant, peter.lapham@north-herts.gov.uk
Ext 4612
- 16.3 Isabelle Alajooz, Contracts and Property Solicitor, isabelle.alajooz@north-herts.gov.uk
Ext: 4346

17. BACKGROUND PAPERS

- 17.1 Land Registry freehold Title Number HD497925
- 17.2 Report to Cabinet Meeting 22nd November 2016 Committee meeting and Minutes Item 89.

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Land adjacent to 1 North End, Kelshall



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**CABINET
28 JANUARY 2020**

PART 1 – PUBLIC DOCUMENT

TITLE OF REPORT: LAND ADJACENT TO 9 NORTH END, KELSHALL, HERTS

REPORT OF THE INTERIM PROPERTY CONSULTANT

EXECUTIVE MEMBER: COUNCILLOR KEITH HOSKINS

COUNCIL PRIORITY: ATTRACTIVE AND THRIVING

1. EXECUTIVE SUMMARY

- 1.1 To seek Cabinet's approval for the declaration as surplus to the District Council's requirements approximately 0.31acre of land adjacent to 9 North End, Kelshall, as shown edged red on the plan at Appendix A.

2. Recommendations

- 2.1 That the land be declared surplus to the District Council's requirements and then placed on the open market for sale on a subject to planning basis or with the benefit of planning, subject to a successful planning application by the District Council for residential development.
- 2.2 Following receipt of offers for the land identified in Appendix A, the decision to accept an offer is delegated to the Service Director for Resources, in consultation with the Executive Members for Finance and IT. Offers will be evaluated against alternative development options.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To provide a financial receipt to help fund the District Council's capital programme.
- 3.2 Marketing the land on the open market will maximise interest from developers and self builders and satisfy the requirements to obtain the best price reasonably obtainable. An offer should only be accepted at a price reflecting residential development value.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Continue with the letting of the land on a garden licence to the owner of 9 North End, Kelshall for a nominal annual rent.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 Consultation on the principle to dispose of the land has been made with Cllr Gerald Morris for Ermine Ward. [No comment to date]
- 5.2 Details of the proposal were provided to the Kelshall Parish Council Clerk [Comments awaited]
- 5.3 The tenant of the land has been advised of this report to Cabinet and for the District Council's intention to consider the disposal of the land for residential development. They have expressed an opinion that planning consent may not be achievable.

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 19th December 2019.

7. BACKGROUND

- 7.1 The site is of 0.31 acres and located on the edge of Kelshall village adjacent to 9 North End adjoining open countryside.
- 7.2 The land represents the opportunity to provide a development plot for at least one detached house with access from the road frontage
- 7.3 It is currently used as garden land for 9 North End under a garden licence from the District Council at a nominal annual rent, terminable upon 6months notice.
- 7.4 Disposal of this property has previously been considered by Cabinet:
Cabinet Meeting - 22nd November 2016 – Minutes Item 89 – Land and Property Review

The land adjacent to 9 North End, Kelshall was listed within Table 5 of the Land and Property Report presented to the Cabinet.

RESOLVED:

- (1) That the details of the land and property disposals from 2011-2016 be noted;
- (2) That it be noted that options for the sites previously approved for disposal, as listed in Table 4 of the report, are still being progressed, and that account should be taken of the emerging North Hertfordshire Local Plan; and
- (3) That the sites identified in Table 5 of the report be declared as surplus to the Council's requirements; that disposal options for these sites be investigated in more detail; and that Cabinet be advised about them as appropriate.

The Cabinet has not considered the disposal of this property since November 2016.

- 7.5 The property is not allocated for residential development within the emerging Local Plan, however under Policy SP2 Kelshall is listed as a Category B village for which the following extract applies:

4.14 Category B villages are those with a lower level of facilities such as village halls and public houses. Category B villages will be allowed to accommodate limited infill development that does not expand the built core of the village into the surrounding countryside.

- 7.6 It is considered that a planning application to develop this site could be considered compliant with emerging Planning Policy, subject to appropriate design and relation with the adjoining property. The current use of the land within a residential curtilage presents the argument that development of the site would not result in an expansion of the village into the countryside.

8. RELEVANT CONSIDERATIONS

- 8.1 The sale of this site for residential development will make a contribution to housing supply by bringing forward a windfall site and offer valuable new family housing in the village.

9. LEGAL IMPLICATIONS

- 9.1 Cabinet in exercising its functions have powers to dispose of land or buildings where the consideration is between £250,000 and £2,500,000. The Cabinet decision in November 2016 was that Cabinet be advised about disposal options for this site. Therefore although the proposed disposal may possibly fall within the delegated authority of the Service Director: Resources, because the disposal might be below £250,000 (Constitution paragraph 14.6.12 (b) 1 A) the matter has been brought back to Cabinet for consideration. Officers may refer their authority under delegated powers to Cabinet.
- 9.2 There may be specific legal implications relevant to the sale of the property e.g. covenants on title, easements, third party rights. However preliminary title investigations do not reveal any issues that would frustrate the proposed development.
- 9.3 The Contract Procurement Rules and specifically Appendix I apply to the sales of land or property. If Cabinet were to sell this land the Officers seeking to market and dispose of the land would be required to do so within the remit of the Contract Procurement Rules.
- 9.4 Section 123 Local Government Act 1972 allows a Council to dispose of land in any manner it wishes provided that the consideration is the best that can be reasonably obtained unless the Secretary of State consent to the disposal for less than best value.
- 9.5 The Council has not advertised the proposed sale in accordance with sections 123(2A) and 127(3) of the Local Government Act 1972 and section 233(4) of the Town and Country Planning Act 1990 as the property is not considered open land being enclosed and privately occupied as garden land. This land does not fall within the definition of open space.

9.6 There may be specific legal implications relevant to the sale of the property e.g. covenants on title, easements, third party rights. Preliminary title investigations do not reveal any issues.

9.7 The Council would need to ensure that they serve a relevant and compliant notice on the tenant to end any tenancy held over the land.

10. FINANCIAL IMPLICATIONS

10.1 The sale will generate a capital receipt to assist in funding the Council's capital investment programme.

11. RISK IMPLICATIONS

11.1 The sale of assets reduces the risk to the District Council arising from the duties under the Occupiers Liability Act 1957 and 1984.

11.2 There are no risks relevant to the consideration of this decision. The declaration of the land as surplus to the District Council's requirements will allow the property to be openly marketed and sold at best value. Risks may exist as to the sale price achieved due to planning policy and design requirements to provide a sympathetic and acceptable development.

12. EQUALITIES IMPLICATIONS

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

12.2 Any land that is offering potential for new housing may benefit the wider community as noted at 8.1. There may be those who exhibit a protected characteristic within this wider community. The consideration of sympathetic development and adequate parking facilities may ensure that no adverse impacts are experienced by the existing community.

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.

14. HUMAN RESOURCE IMPLICATIONS

14.1 There are no Human resource implications from this report.

15. APPENDICES

15.1 Appendix A -- Location Plan of Land to be Declared Surplus

16. CONTACT OFFICERS

16.1 Chris Robson, Senior Estates Surveyor, christopher.robson@north-herts.gov.uk
Ext: 4752

16.2 Peter Lapham, Interim Property Consultant, peter.lapham@north-herts.gov.uk
Ext 4612

16.3 Isabelle Alajooz, Contracts and Property Solicitor, isabelle.alajooz@north-herts.gov.uk
Ext: 4346

17. BACKGROUND PAPERS

17.1 Land Registry freehold Title Number HD497925

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

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PART 1 – PUBLIC DOCUMENT

TITLE OF REPORT: Land adjacent to 9 North End, Kelshall, Herts

REPORT OF: INTERIM PROPERTY CONSULTANT

EXECUTIVE MEMBER: Cllr KEITH HOSKINS

COUNCIL PRIORITY: ATTRACTIVE AND THRIVING

1. EXECUTIVE SUMMARY

To seek Cabinet's approval for the declaration as surplus to the District Council's requirements approximately 0.31acre of land adjacent to 9 North End, Kelshall, as shown edged red on the plan at Appendix A.

2. Recommendations

- 2.1 That the land be declared surplus to the District Council's requirements and then placed on the open market for sale on a subject to planning basis or with the benefit of planning, subject to a successful planning application by the District Council for residential development.
- 2.2 Following receipt of offers for the land identified in Appendix A, the decision to accept an offer is delegated to the Service Director for Resources, in consultation with the Executive Members for Finance and IT. Offers will be evaluated against alternative development options.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To provide a financial receipt to help fund the District Council's capital programme.
- 3.2 Marketing the land on the open market will maximise interest from developers and self builders and satisfy the requirements to obtain the best price reasonably obtainable. An offer should only be accepted at a price reflecting residential development value.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Continue with the letting of the land on a garden licence to the owner of 9 North End, Kelshall for a nominal annual rent.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 Consultation on the principle to dispose of the land has been made with Cllr Gerald Morris for Ermine Ward. [No comment to date]
- 5.2 Details of the proposal were provided to the Kelshall Parish Council Clerk [Comments awaited]
- 5.3 The tenant of the land has been advised of this report to Cabinet and for the District Council's intention to consider the disposal of the land for residential development. They have expressed an opinion that planning consent may not be achievable.

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 19th December 2019.

7. BACKGROUND

- 7.1 The site is of 0.31 acres and located on the edge of Kelshall village adjacent to 9 North End adjoining open countryside.
- 7.2 The land represents the opportunity to provide a development plot for at least one detached house with access from the road frontage
- 7.3 It is currently used as garden land for 9 North End under a garden licence from the District Council at a nominal annual rent, terminable upon 6months notice.
- 7.4 Disposal of this property has previously been considered by Cabinet:

Cabinet Meeting - 22nd November 2016 – Minutes Item 89 – Land and Property Review

The land adjacent to 9 North End, Kelshall was listed within Table 5 of the Land and Property Report presented to the Cabinet.

RESOLVED:

- (1) That the details of the land and property disposals from 2011-2016 be noted;
- (2) That it be noted that options for the sites previously approved for disposal, as listed in Table 4 of the report, are still being progressed, and that account should be taken of the emerging North Hertfordshire Local Plan; and
- (3) That the sites identified in Table 5 of the report be declared as surplus to the Council's requirements; that disposal options for these sites be investigated in more detail; and that Cabinet be advised about them as appropriate.

The Cabinet has not considered the disposal of this property since November 2016.

- 7.5 The property is not allocated for residential development within the emerging Local Plan, however under Policy SP2 Kelshall is listed as a Category B village for which the following extract applies:

4.14 Category B villages are those with a lower level of facilities such as village halls and public houses. Category B villages will be allowed to accommodate limited infill development that does not expand the built core of the village into the surrounding countryside.

- 7.6 It is considered that a planning application to develop this site could be considered compliant with emerging Planning Policy, subject to appropriate design and relation with the adjoining property. The current use of the land within a residential curtilage presents the argument that development of the site would not result in an expansion of the village into the countryside.

8. RELEVANT CONSIDERATIONS

- 8.1 The sale of this site for residential development will make a contribution to housing supply by bringing forward a windfall site and offer valuable new family housing in the village.

9. LEGAL IMPLICATIONS

- 9.1 Cabinet in exercising its functions have powers to dispose of land or buildings where the consideration is between £250,000 and £2,500,000. The Cabinet decision in November 2016 was that Cabinet be advised about disposal options for this site. Therefore although the proposed disposal may possibly fall within the delegated authority of the Service Director: Resources, because the disposal might be below £250,000 (Constitution paragraph 14.6.12 (b) 1 A) the matter has been brought back to Cabinet for consideration. Officers may refer their authority under delegated powers to Cabinet.
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- 9.7 The Council would need to ensure that they serve a relevant and compliant notice on the tenant to end any tenancy held over the land.

10. FINANCIAL IMPLICATIONS

- 10.1 The sale will generate a capital receipt to assist in funding the Council's capital investment programme.

11. RISK IMPLICATIONS

- 11.1 The sale of assets reduces the risk to the District Council arising from the duties under the Occupiers Liability Act 1957 and 1984.
- 11.2 There are no risks relevant to the consideration of this decision. The declaration of the land as surplus to the District Council's requirements will allow the property to be openly marketed and sold at best value. Risks may exist as to the sale price achieved due to planning policy and design requirements to provide a sympathetic and acceptable development.

12. EQUALITIES IMPLICATIONS

- 12.1 In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2 Any land that is offering potential for new housing may benefit the wider community as noted at 8.1. There may be those who exhibit a protected characteristic within this wider community. The consideration of sympathetic development and adequate parking facilities may ensure that no adverse impacts are experienced by the existing community.

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.

14. HUMAN RESOURCE IMPLICATIONS

- 14.1 There are no Human resource implications from this report.

15. APPENDICES

Appendix A -- Location Plan of Land to be Declared Surplus

16. CONTACT OFFICERS

Chris Robson, Senior Estates Surveyor, christopher.robson@north-herts.gov.uk
Ext: 4752

Peter Lapham, Interim Property Consultant, peter.lapham@north-herts.gov.uk
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Isabelle Alajooz, Contracts and Property Solicitor, isabelle.alajooz@north-herts.gov.uk
Ext: 4346

17. BACKGROUND PAPERS

17.1 Land Registry freehold Title Number HD497925

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

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**CABINET
28 JANUARY 2020**

PART 1 – PUBLIC DOCUMENT

TITLE OF REPORT: ROYSTON TOWN HALL ANNEXE SITE

REPORT OF THE INTERIM PROPERTY CONSULTANT

EXECUTIVE MEMBER: COUNCILLOR KEITH HOSKINS

COUNCIL PRIORITY: ATTRACTIVE AND THRIVING

1. EXECUTIVE SUMMARY

- 1.1 To seek Cabinet's approval for the declaration as surplus to the District Council's requirements approximately 0.38 acres of land and buildings adjacent to Royston Town Hall as shown edged red on the plan at Appendix A.

2. Recommendations

- 2.1 That redevelopment options should be considered to replace the existing annexe building and redevelop for alternative uses.
- 2.2 Following full negotiations with interested parties, terms of any agreed transaction and form of development should be presented to the Cabinet for approval.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To provide additional rental income for the District Council.
- 3.2 To reduce ongoing maintenance costs for this property.
- 3.3 To bring a valuable town centre asset into full economic use

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Disposal of the property has been discounted as this area of land is integral to the District Council's and Royston Town Council's larger ownership of adjacent property, and offers an opportunity to create a valuable property investment.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 Consultation on the principle to consider redevelopment of the site has begun with notification to Royston Town Council and the Ward Councillors. Comments yet to be received and it is intended to arrange a meeting with the appropriate members to fully consider this proposal.
- 5.2 Citizens Advice North Herts make part time use of the property and discussions are underway with them to consider alternative arrangements that may be suitable. The property is also used for occasional hiring.
- 5.3 The Council has not yet advertised the proposal in accordance with sections 123(2A) and 127(3) of the Local Government Act 1972 and section 233(4) of the Town and Country Planning Act 1990 given that the form of any transaction is as yet not determined.

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 20th December 2019

7. BACKGROUND

- 7.1 The site is of 0.38 acres and located immediately to the north-east of Royston Town Hall. The site is within an area of significant Council land holdings, albeit the main car park area is held under a lease from Hertfordshire County Council.
- 7.2 At present the accommodation on the site is of single storey offices under a flat roof. The construction is of a poor quality and of an ageing timber structure that is costly to maintain and heat.
- 7.3 The offices are only used on a part time basis by Citizens Advice North Herts and for occasional hiring.
- 7.4 The site represents an excellent opportunity for redevelopment being close to the town centre and adjacent to car parking, the NHS Health Centre and the Town Hall.

8. RELEVANT CONSIDERATIONS

- 8.1 The redevelopment of this site for alternative uses will:
- Visually enhance this prominent site;
 - Bring an end to ongoing maintenance costs;
 - Create employment opportunities;
 - Provide a useful service and facility for the community;
 - Create rental income for the District Council.

9. LEGAL IMPLICATIONS

- 9.1 Cabinet in exercising its functions have powers to dispose of land or buildings where the consideration is between £250,000 and £2,500,000.

- 9.2 There may be specific legal implications relevant to the development of the property e.g. covenants on title, easements, third party rights. However preliminary title investigations do not reveal any issues that would frustrate the proposed development.
- 9.3 The Contract Procurement Rules and specifically Appendix I apply to the sales of land or property. If Cabinet were to sell this land the Officers seeking to market and dispose of the land would be required to do so within the remit of the Contract Procurement Rules.
- 9.4 Section 123 Local Government Act 1972 allows a Council to dispose of land in any manner it wishes provided that the consideration is the best that can be reasonably obtained unless the Secretary of State consents to the disposal for less than best value.

10. FINANCIAL IMPLICATIONS

- 10.1 The redevelopment will generate rental income either as a return upon land as a ground rent or as a full market rent upon a development funded by the District Council. Negotiations will require to deliver an appropriate return on any capital to be invested in line with the risk profile of such investment. Consideration may also need to be given to social benefit of any scheme and of any accommodation to be delivered for the social benefit of the wider community.
- 10.2 The redevelopment will reduce the District Council's maintenance costs and avoid the need to spend capital on future repairs and upgrading likely to be required to the building in the near future due to its poor construction.
- 10.3 Annual budget for rates, electricity and gas is £10,500 per annum.
- 10.4 Annual compliance costs for the building are budgeted at £2,038 with additional reactive costs for maintenance.
- 10.5 North Herts Citizens Advice occupies part of the property on a part time basis on a rent free basis.

11. RISK IMPLICATIONS

- 11.1 The redevelopment and full occupation of partly used assets reduces the risk to the District Council arising from the duties under the Occupiers Liability Act 1957 and 1984.
- 11.2 There are no risks relevant to the consideration of this decision. Risks may exist as to the terms and feasibility of any redevelopment proposal however the terms of any such transaction will be referred to Cabinet for approval.

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 Citizens Advice North Herts provides an important advisory service to residents. Alternative arrangements for this service should be a key consideration. The final redevelopment may require the completion of an Equality impact assessment.

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.

14. HUMAN RESOURCE IMPLICATIONS

- 14.1 There are no Human resource implications from this report.

15. APPENDICES

- 15.1 Appendix A - Location Plan of Royston Town Hall Annexe

16. CONTACT OFFICERS

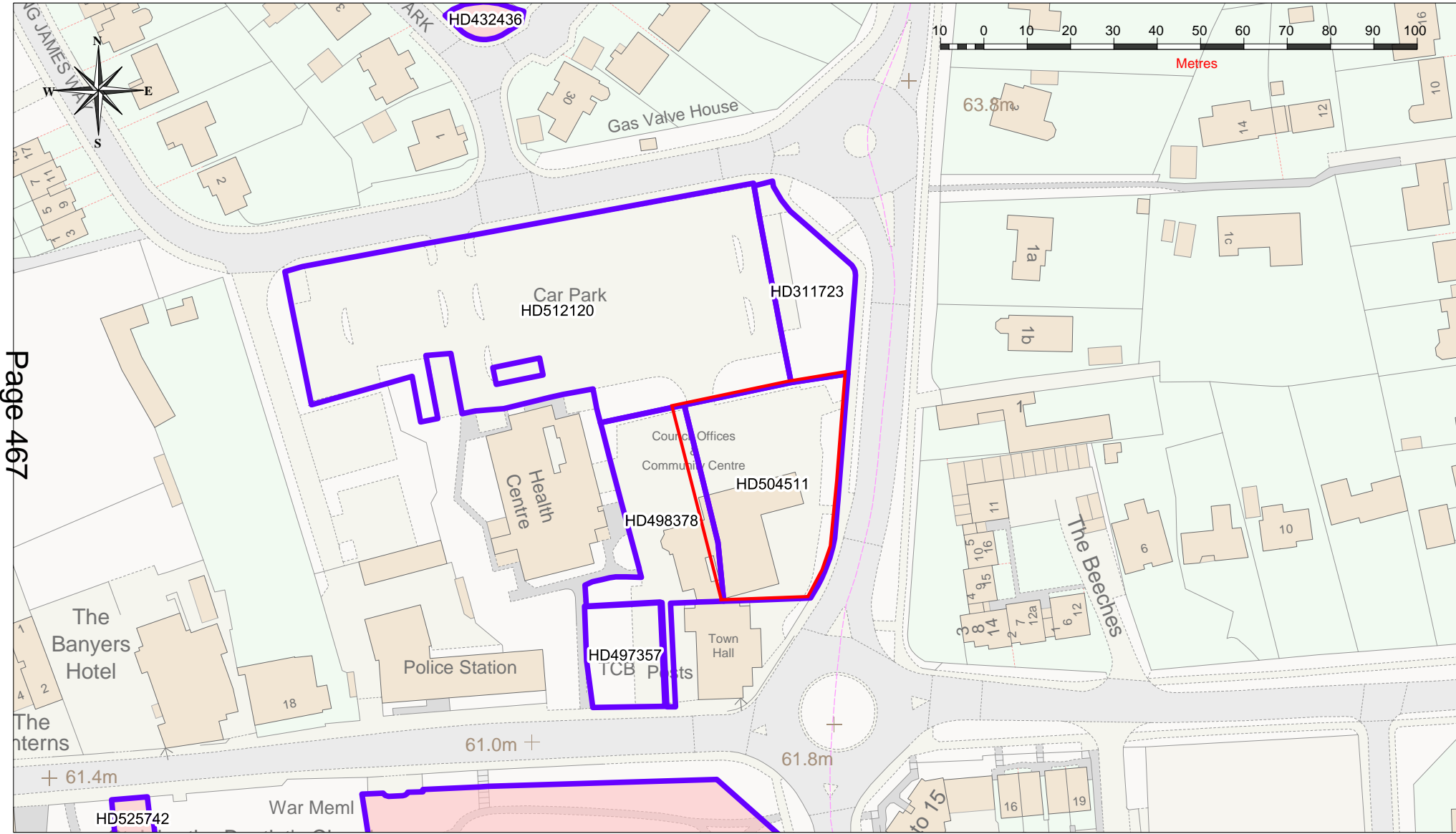
- 16.1 Chris Robson, Senior Estates Surveyor, christopher.robson@north-herts.gov.uk
Ext: 4252
- 16.2 Peter Lapham, Interim Property Consultant, peter.lapham@north-herts.gov.uk
Ext 4612

17. BACKGROUND PAPERS

- 17.1 None.



Royston Town Hall Annex Site Edged Red



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